



Mary Taylor, CPA
Auditor of State

COLUMBIANA BOARD OF MRDD
PERFORMANCE AUDIT

DECEMBER 2, 2008



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Auditor of State

To the Residents of Columbiana County and Clients of the Columbiana County Board of Mental Retardation and Developmental Disabilities:

In an effort to promote accountability, and ensure efficient and effective services, the Columbiana County Board of Mental Retardation and Developmental Disabilities (CCMRDD) engaged the Auditor of State's Office (AOS) to conduct a performance audit of the following areas: financial systems, human resources, and client services and case management.

The performance audit contains recommendations which identify the potential for cost savings and operational improvements. While the recommendations contained in the audit report are resources intended to assist in improving operations, CCMRDD is encouraged to assess overall operations and develop additional alternatives.

An executive summary has been prepared which includes the project history; CCMRDD overview; the scope, objectives and methodology for the performance audit; noteworthy accomplishments; assessments not yielding recommendations; recommendations; issues for further study; and a summary of financial implications. This report has been provided to CCMRDD, and its contents discussed with the Board members and administrators. CCMRDD has been encouraged to use the results of the performance audit as a resource in efforts to further improve its overall operations and service delivery.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. This performance audit can also be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 2, 2008

Executive Summary

Project History

In an effort to promote accountability, and ensure efficient and effective services, the Columbiana County Board of Mental Retardation and Developmental Disabilities (CCMRDD or the Board) engaged the Auditor of State's Office (AOS) to conduct a performance audit of the following areas:

- Financial Systems;
- Human Resources; and
- Client Services and Case Management.

CCMRDD Overview

CCMRDD's operations are overseen by seven board members, with five members appointed by the County Commissioners and two members appointed by the senior probate judge of the County. The Superintendent, hired by the Board, directs daily operations. CCMRDD currently offers early intervention services, school-age services, adult services, senior services, support administration services, family resource services, and residential services. CCMRDD employs approximately 117 full-time equivalent employees (FTEs)¹, with adult services (45 FTEs) and children services (25 FTEs) comprising the majority of staff. CCMRDD served an average daily membership (ADM) of approximately 516 clients in fiscal year (FY) 2007.

Ohio Revised Code (ORC) Chapter 5126 provides guidelines for county boards of mental retardation and developmental disabilities (MRDD) to administer and operate facilities, programs, and services to those in need. In addition, Ohio Administrative Code (OAC) 5123:2-4-01 contains the ODMRDD accreditation process for county boards of MRDD.

Objectives

Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision

¹ FTE is based on 8 hours per day, 260 days per year.

making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

The overall objective of this performance audit was to assist CCMRDD in identifying strategies to increase its efficiency and effectiveness. The following presents the areas reviewed in this performance audit:

- **Financial Systems:** General Fund five-year forecast, budgeting, forecasting, financial reporting, and revenues and expenditures;
- **Human Resources:** staffing levels, salaries, health insurance costs and benefits, and collective bargaining agreements; and
- **Client Services and Case Management:** strategic planning, overall program effectiveness, case management policies and procedures including the eligibility determination for services, and technology used to manage caseloads and client services.

The recommendations in the performance audit comprise options that the CCMRDD can consider in its continuing efforts to improve operations.

Scope and Methodology

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives.

Audit work was conducted between April 2008 and September 2008. Data was mainly drawn from FYs 2007 and 2008, while additional historical data was drawn in conducting the forecast assessment. To complete this report, the auditors gathered a significant amount of data pertaining to the CCMRDD, conducted interviews with numerous individuals associated internally and externally with the various departments, and reviewed and assessed available information. CCMRDD's data was deemed reliable unless otherwise noted in the report sections. Peer data and other information used for comparison purposes were not tested for reliability, although the information was reviewed for reasonableness.

The performance audit process involved significant information sharing with CCMRDD, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the CCMRDD of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from

CCMRDD was solicited and considered when assessing the selected areas and framing recommendations. Finally, CCMRDD provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on CCMRDD's comments.

Three county boards of MRDD were selected to provide benchmark comparisons for the areas assessed in the performance audit: Coshocton MRDD, Seneca MRDD, and Wayne MRDD. They were selected based on demographic and operational data, and their accreditation status. More specifically, each of the peers is accredited at a level 5 for 2008. By comparison, CCMRDD is accredited at a level 3. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, such as the following: the American Institute of Certified Public Accounts (AICPA), the Government Finance Officers Association (GFOA), Ohio Administrative Code (OAC) and the State Employment Relations Board (SERB).

The Auditor of State and staff express appreciation to CCMRDD, Coshocton MRDD, Seneca MRDD, and Wayne MRDD for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

This section of the executive summary highlights specific CCMRDD accomplishments identified throughout the course of the audit.

- **Health Insurance Opt-out Stipend:** In an effort to control health care costs, the Board offers an opt-out stipend. Assuming that the 15 employees currently receiving a stipend would otherwise participate in the Board's health plan, the opt-out stipend results in an 85 percent cost savings for CCMRDD. Additionally, the stipend dollar amount appears reasonable, based on data from SERB.
- **Dental, Vision and Life Insurance:** CCMRDD appears effective in controlling the cost of dental, vision, and life insurance. Specifically, the Board's dental and vision premiums are lower than SERB benchmarks, while the life insurance premiums appear reasonable based on SERB data.

Assessments Not Yielding Recommendations

Assessments conducted which did not warrant changes and did not yield recommendations include the following. Each section contains additional detail.

- **Financial Systems:** the accuracy of the Board's forecast historical information;
- **Human Resources:** length of workday, number of sick days accrued, board pension contributions, and negotiated wage increases in the collective bargaining agreements; and

- **Client Services and Case Management:** technology and eligibility assessment.

Recommendations

The following presents a summary of the recommendations from the report. Each section contains additional detail.

Financial Systems

- CCMRDD should adopt formal policies and procedures that address the process to be used in developing, reviewing, approving, monitoring, and updating the five-year forecast. CCMRDD should prepare detailed assumptions to explain and clarify forecasted revenues and expenditures, especially for sensitive assumptions. The forecast and assumptions should be developed and made available to internal and external stakeholders as a single planning document. Furthermore, CCMRDD should review and consider the strategies to improve its forecast methodology and assumptions (see **R2.4** through **R2.7**).
- CCMRDD should develop a comprehensive set of formal budgeting policies and procedures that include industry recommended components. Furthermore, CCMRDD should train its administrators on the budgeting process, and related policies and procedures, and include performance measures in the budget document (see **client services and case management**).
- CCMRDD should provide monthly departmental budget reports to assist department-level administrators in their respective financial management roles. In addition, CCMRDD should publish the Annual Plan, Annual Report and monthly budget reports that contain pertinent management discussion and analysis on its web site.

Human Resources

- The Board should negotiate to increase the employee contribution towards monthly health care premiums above a 10 percent level (e.g., 13 percent based on SERB). CCMRDD should also establish the employee contributions as a percentage of premiums, rather than a fixed dollar amount, to ensure that the contributions increase with inflation. In addition, the Board should review its employee cost-sharing requirements in the health plan to identify potential savings by modifying the plan provisions while still providing an overall fair plan to employees.
- CCMRDD should review the current premium costs with the health care provider to determine whether premiums will continue to decline in the future. If insurance

premiums do not decrease to levels that are similar to industry standards with the current provider, the Board should consider seeking multiple bids for its health insurance program and reviewing the possibility of participating in health insurance consortiums.

- Subject to negotiation, CCMRDD should consider reducing the minimum amount provided for call-in pay, vacation accrual, number of sick days paid at retirement and separation from Board employment, and personal day accrual. CCMRDD should also negotiate a clause that prorates personal leave for part-time employees and in situations when employees are hired during the year. Moreover, the Board should consider eliminating the Robert Bycroft Education Association (RBEA) retirement incentive and restricting severance pay to only those staff that retire from CCMRDD employment.

Client Services and Case Management

- The Superintendent should ensure that staff are actively involved in the strategic planning process by working with the Board to create a formal process to obtain staff participation. Also, the Superintendent should work with the Board to develop opportunities for soliciting staff feedback on the Annual Plan (AP), such as during in-service trainings.
- The Superintendent should work with supervisors and the Board to develop a performance measurement system that is tied to the AP and budget, and is used to help develop measurable goals and objectives for the AP. Performance measures should cover inputs, outputs, outcomes and efficiencies. Once developed, CCMRDD should publicly report its performance measures in relation to historical performance and other relevant benchmarks, as well as the results of any surveys, on its webpage or other mechanism to inform its stakeholders. To aid in this effort, CCMRDD should compile individual survey responses in a spreadsheet to identify and report overall survey results, and/or consider conducting a web-based survey that would automatically tabulate the overall results.
- CCMRDD should reevaluate the proposed staffing increase of 2.0 service and support administrators (SSAs). Initially, CCMRDD should consider hiring only one additional SSA. CCMRDD should continually review staffing levels based on active caseloads, waivers, and other performance measures that should be established to help determine program effectiveness. This would help ensure that CCMRDD maintains staffing levels that coincide with providing quality and effective programs.
- CCMRDD should consider reallocating intake responsibilities from SSAs to the clerical staff, and provide the necessary training. Additionally, CCMRDD should consider having consumers provide all of the necessary paperwork and documentation, prior to assessing eligibility for services. To aid in this process, CCMRDD should provide the intake checklist on its website, and ensure consumers understand how and where to obtain the

required information. Taken collectively, these measures would help SSAs devote more time to serving current eligible consumers.

- The SSA Supervisor should review the SSA manual to identify polices and procedures that should be updated, and present proposed changes to the Superintendent and the Board for approval. In addition, the SSA Supervisor and Superintendent should conduct a training session with the SSAs to review the documentation requirements related to consumer cases. Lastly, the SSA Supervisor should design a quality review checklist to be used when reviewing case files, and train SSAs on the quality review process.
- CCMRDD should assess the feasibility of scanning current documents into the “Q” computer system to centralize important documents. However, prior to making a decision about electronic maintenance of files, CCMRDD should determine the cost of purchasing and maintaining any scanning equipment against the benefits of maintaining electronic documentation (e.g., eliminate the need to maintain files at multiple locations).

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. Those issues may not be directly related to the audit objectives or may be issues that were outside the scope of the audit. AOS identified the following issues for further study. Each section contains additional detail.

- **Financial Systems:** meeting minutes related to the Board Finance Committee² and family support service expenditures; and
- **Human Resources:** driver, adult service, and custodian staffing levels; instructor assistant salaries; and inclusion of intermittent adult services staff in the EA Agreement.

² During the latter portion of this performance audit, the Superintendent indicated that CCMRDD consulted with its legal counsel and was advised that Finance Committee meetings are subject to the Open Meetings Act. As a result, CCMRDD will retain meeting minutes pertaining to the Finance Committee.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Financial Implications

Recommendation	Estimated Annual Cost	Estimated Annual Savings
R3.1 Subject to negotiations, increase employee health insurance contributions to 13%		\$103,000
R4.1 Join a web-based survey system	\$200	
Total	\$200	\$103,000

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Financial Systems

Background

This section focuses on financial systems at the Columbiana County Board of Mental Retardation and Developmental Disabilities (CCMRDD or the Board). The objective is to review and evaluate selected areas of CCMRDD's financial operations against selected peers¹, and leading or recommended practices and industry standards. Sources of leading or recommended practices and industry standards include the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA).

Summary of Operations

CCMRDD operates several different programs in order to offer a wide range of services to its clients. These programs include children, adult, community residential, family support services, and service and support administration programs. During fiscal year (FY) 2007, the Board operated several facilities in which it housed these programs, including an administration office and adult senior center (single shared facility), the Robert Bycroft School, Employment Development Inc. – Central, Employment Development Inc. – South, and Service and Support Administration (SSA) Office.² In FY 2007, the Board provided services to an average daily membership of approximately 516 individuals.

CCMRDD operates on a FY that runs from January 1 through December 31. In FY 2007, the largest portion (62 percent) of the Board's revenue came from Columbiana County property taxes. CCMRDD has four continuing operating levies with a total FY 2008 effective millage of approximately 3.9 mills. The voters most recently passed a 1.5 mill replacement continuing operating levy in May 2007.

CCMRDD's Superintendent, acting as the agent of the Board, is responsible for direct control and oversight of all programs. The Superintendent is assisted in this function directly by the Account Manager (Business Manager) and a secretary. In addition, CCMRDD's building and department level administrators all report directly to the Superintendent.

The Superintendent provides financial oversight for CCMRDD and has final authorization on the budget and five-year forecast, prior to review and approval by the Board. The Board has little involvement in day-to-day operations, but does provide financial and program oversight. Additional financial oversight is provided by the Columbiana County Auditor's Office (the

¹ See the **executive summary** for a list of the peer MRDDs and an explanation of selection methodology.

² During the course of the audit, CCMRDD moved its SSA staff into renovated offices at the Robert Bycroft School.

County Auditor). According to both CCMRDD and the County Auditor, the Board reconciles its finances with the County Auditor on a monthly basis. The Superintendent monitors the status of CCMRDD's budget throughout the FY and reports budgetary status to the Board. However, the Superintendent does not provide building or department level administrators with budget updates (see **R2.9**).

Financial Condition

Table 2-1 presents a summary of CCMRDD's financial condition as shown in the Board's FY 2008 five-year forecast.

Table 2-1: CCMRDD FY 2008 Five-Year Forecast Summary

	Actual	Forecasted				
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Beginning Carryover	\$7,633,200.47	\$6,407,443.43	\$5,798,722.98	\$4,883,585.22	\$3,880,442.22	\$1,733,170.28
Total Revenue	\$10,985,678.54	\$11,389,301.43	\$11,389,108.06	\$11,389,108.06	\$10,589,108.06	\$10,589,108.06
Total Expenditure	\$12,211,435.58	\$11,998,021.88	\$12,304,245.82	\$12,392,251.06	\$12,736,380.00	\$13,051,120.81
Ending Carryover	\$6,407,443.43	\$5,798,722.98	\$4,883,585.22	\$3,880,442.22	\$1,733,170.28	(\$728,842.48)

Source: CCMRDD FY 2008 Five-Year Forecast

Table 2-1 shows that the Board projects total expenditures to continue to exceed total revenues for all years. As such, CCMRDD's significant carryover balances are projected to be fully depleted by FY 2012. In order to address the conditions which are leading to the projected operating losses and culminating in the projected deficit for FY 2012, the Board will have to closely monitor its finances, ensure that the forecast is reasonable (see **R2.1** to **R2.7**), and take measures to potentially reduce costs, which could be aided by the recommendations in this performance audit.

Peer Comparisons of Revenues and Expenditures

Table 2-2 compares CCMRDD's FY 2007 sources of revenue by type to the peer average. The Board has five major sources of revenue: county revenue, Ohio Department of Mental Retardation and Developmental Disabilities (ODMRDD) revenue, Ohio Department of Education (ODE) revenue, federal revenue, and other revenue. In FY 2007, the majority (62 percent) of the Board's revenue was derived from county revenue. Sources of county revenue included tax levies and interest. For FY 2007, county revenue totaled approximately \$6.7 million.

Table 2-2: FY 2007 Sources of Revenue

Revenue	CCMRDD	% of Total	Coshocton MRDD	% of Total	Seneca MRDD	% of Total	Wayne MRDD	% of Total	Peer Average	% of Total
County	\$6,651,398	62.0%	\$3,450,998	63.3%	\$4,532,975	60.8%	\$7,671,124	54.4%	\$5,218,366	58.0%
MRDD	\$887,864	8.3%	\$731,948	13.4%	\$909,631	12.2%	\$997,225	7.1%	\$879,601	9.8%
ODE	\$1,198,805	11.2%	\$447,154	8.2%	\$603,338	8.1%	\$1,380,880	9.8%	\$810,457	9.0%
Federal	\$1,044,317	9.7%	\$569,278	10.4%	\$710,204	9.5%	\$1,797,002	12.7%	\$1,025,495	11.4%
Other	\$943,193	8.8%	\$255,085	4.7%	\$654,483	8.8%	\$2,083,651	14.8%	\$997,740	11.1%
Total Operating	\$10,725,577	100.0%	\$5,454,463	100.0%	\$7,410,631	99.4%	\$13,929,882	98.8%	\$8,931,659	99.2%
Capital	\$0	0.0%	\$0	0.0%	\$43,541	0.6%	\$170,824	1.2%	\$71,455	0.8%
Total Revenue	\$10,725,577	100.0%	\$5,454,463	100.0%	\$7,454,172	100.0%	\$14,100,706	100.0%	\$9,003,114	100.0%

Source: CCMRDD and peer FY 2007 Cost Reports

Table 2-2 shows that CCMRDD's county revenues were higher than the peer average, in total and as a percent of total revenues. However, similar to CCMRDD, county revenues comprise the majority of total revenues for the peers. The Board's second highest revenue source was ODE. CCMRDD's MRDD, federal, and other revenues were all lower as a percentage of total revenue, when compared to the peer average. In addition, the passage of a replacement continuing operating levy in May 2007 will further increase the Board's county revenue as a percentage of total revenue.

Table 2-3 compares CCMRDD's FY 2007 program costs per average daily membership (ADM).

Table 2-3: FY 2007 Program Expenditures per ADM¹

Program	CCMRDD	Coshocton MRDD	Seneca MRDD	Wayne MRDD	Peer Avg.
Children's Programs	\$25,947	\$19,642	\$18,037	\$22,287	\$19,989
Adult Programs	\$17,761	\$16,639	\$15,561	\$17,616	\$16,605
Community / Residential	\$1,469	\$1,613	\$1,331	\$7,176	\$3,373
Family Support Services	\$6,837	\$394	\$2,093	\$5,760	\$2,749
Service & Support Administration	\$2,144	\$2,374	\$3,559	\$2,068	\$2,667
Non-Federal Reimbursable	\$0	\$200	\$783	\$615	\$532
Total Expenditure	\$21,829	\$14,519	\$18,627	\$21,782	\$18,309

Source: FY 2007 Cost Reports, FY 2007 IIF ADM, and FY 2007 SSA caseload for CCMRDD and the peers

¹ ADM used to calculate the expenditure ratios in Table 2-3 reflects the ADM for that particular category. Active caseloads were used to reflect the ADM for Services and Support Administration.

Table 2-3 shows that CCMRDD's total program expenditures per ADM were higher than the peer average, due to the following programs:

- **Children's Programs** – This category of expenditure exceeded the peer average by approximately \$6,000 per ADM in FY 2007. As identified in **human resources**, staff

within the Board's Children's Programs earns a higher average salary when compared to the peer average, thus contributing to the higher expenditures per ADM.

- **Adult Programs** – This category of expenditure exceeded the peer average by approximately \$1,200 per ADM in FY 2007. As identified in **human resources**, CCMRDD employs more adult program FTEs per 100 ADM, which contributes to the higher Adult Program expenditures per ADM.
- **Family Support Services** – This category of expenditure exceeded the peer average by approximately \$4,088 per ADM in FY 2007. However, CCMRDD's total FY 2007 expenditure for this category was approximately \$96,000, or only 0.9 percent of the Board's total FY 2007 expenditure of \$11.3 million.

Table 2-4 compares CCMRDD's FY 2007 functional operating expenditures per ADM to the peers.

Table 2-4: FY 2007 Expenditures per ADM by Functional Category

Function	CCMRDD	Coshocton MRDD	Seneca MRDD	Wayne MRDD	Peer Avg.
ADM	515.6	323.0	385.2	593.0	433.7
Salaries	\$10,246.90	\$7,261.53	\$11,250.80	\$10,883.35	\$9,798.56
Benefits	\$7,655.24	\$4,509.79	\$3,791.75	\$4,297.71	\$4,199.75
Purchased Services	\$3,372.90	\$1,846.88	\$1,834.77	\$3,483.17	\$2,388.27
Supplies & Materials	\$392.93	\$404.18	\$642.67	\$581.08	\$542.64
Upkeep / Repairs	\$412.79	\$338.02	\$322.82	\$357.86	\$339.57
Capital Equipment	\$669.90	\$191.49	\$404.08	\$394.76	\$330.11
Capital Construction	\$240.95	\$0.00	\$84.52	\$0.00	\$28.17
Other	\$8.74	\$206.94	\$709.15	\$406.20	\$440.76
Transfers ¹	\$682.70	\$0.00	\$951.73	\$2,842.18	\$1,264.64
Total Expenditures	\$23,683.05	\$14,758.82	\$19,992.28	\$23,246.31	\$19,332.47

Source: CCMRDD and peer FY 2007 expenditures and ADM

Note: Total expenditures will not match those shown in **Table 2-3** because they are based off of Board and peer expenditure reports in an effort to capture all expenditures, rather than FY 2007 Cost Reports which reflect select categories of expenditure.

¹ Transfers represent all interfund transfers; this can include transfers to other funds used by the Board of MRDD or transfers to other funds used by the County.

Table 2-4 shows that CCMRDD's FY 2007 total expenditures were \$4,351 per ADM higher than the peer average, due to the following:

- **Salaries** – In FY 2007, CCMRDD's salaries were higher than the peer average by approximately \$450 per ADM. However, salaries per ADM were lower than Seneca MRDD and Wayne MRDD.

- **Benefits** – In FY 2007, CCMRDD’s benefits were higher than the peer average by approximately \$3,455 per ADM. Medical insurance was the largest component of this expenditure function, at a total expenditure of approximately \$2.6 million. CCMRDD has higher insurance premiums and lower employee contribution levels when compared to benchmarks and industry standards (see **human resources**), which can also contribute to the higher program expenses in **Table 2-3**. The next largest component of this expenditure was Public Employees Retirement System (PERS) at approximately \$711,000. PERS expenditures are a function of total salaries. As a result, the higher staffing levels per 100 ADM in adult programs, building and grounds, and transportation, and the higher average salary for staff in the children’s programs contributes to the higher benefit expenditures per ADM (see **human resources**). Workers’ Compensation expenditures were the third largest component of this expenditure function at approximately \$460,000. CCMRDD is part of the County Workers’ Compensation program and, as such, does not have full control over these expenditures. However, in FY 2008, the Board approved the purchase of no-lift equipment specifically targeted at reducing Workers’ Compensation expenditures. Finally, review of the Columbiana County Commissioners meeting minutes revealed that the County, through implementation of no-lift policies and participation in rate-reduction programs, expects its Workers’ Compensation program to be credit rated by FY 2010.
- **Purchased Services** – In FY 2007, CCMRDD’s purchased services were higher than the peer average by approximately \$985 per ADM. The largest component of this expenditure function was contract service at approximately \$916,000. The second largest component of this expenditure function was “other” at approximately \$633,000. Both contract service and other expenditures, which comprised 89 percent of total purchased services in FY 2007, were driven by the Board’s overall number of Medicaid waivers. In FY 2006-07, the Board maintained 117 waivers, as compared to the peer average of 93 waivers. Additionally, CCMRDD maintained more than double the number of waivers at Coshocton MRDD (52) and Seneca MRDD (55) (see **client services and case management** for more information).
- **Upkeep / Repairs, Capital Construction, and Capital Equipment** – In FY 2007, CCMRDD’s upkeep / repairs were approximately \$73 per ADM higher than the peer average. Capital construction expenditures were approximately \$340 per ADM higher than the peer average. Finally, capital equipment expenditures were approximately \$213 per ADM higher than the peer average. Higher expenditures in all three of these categories are primarily a function of the Board having more facilities as well as employing higher transportation staffing levels per 100 ADM relative to the peer average (see **human resources**). This assumes that the higher transportation staffing levels per 100 ADM results in maintaining more vehicles per 100 ADM, which can contribute to the higher expenditures in this category.

Audit Objectives for the Financial Systems Section

The following is a list of questions used to analyze operations at CCMRDD:

- How does CCMRDD's financial forecasting process compare to relevant standards?
- Does CCMRDD's five-year General Fund forecast reasonably project future revenues and expenditures?
- How does CCMRDD's budgeting process compare to relevant standards?
- How does CCMRDD financial reporting process compare to relevant standards?
- How do CCMRDD revenues and expenditures compare to the peers?

Assessment Not Yielding Recommendation

In addition to the analyses in this report, an assessment of the accuracy of the Board's forecast historical information did not yield a recommendation. CCMRDD's FY 2008 five-year forecast is based on historical information from FY 2007. Analysis of the historical forecast information when compared to Columbiana County Auditor FY 2007 revenues and expenditures found that only a slight variance occurred. However, this variance was determined to be a calculation error and the corrected number provided even greater accuracy of the forecast historical information.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. Those issues may not be directly related to the audit objectives or may be issues that were outside the scope of the audit. AOS identified certain issues related to the Board Finance Committee as requiring further study. Specifically, the Board does not keep finance committee meeting minutes because the Board Finance Committee, in the Superintendent's opinion, is not a public committee. CCMRDD should consult with the Board's legal council to ensure that the Board Finance Committee is not a public body as defined by the Open Meetings Act. CCMRDD should ensure that it complies with both the letter and the spirit of the law. Even if CCMRDD, after consultation with its legal council, determines that the Board Finance Committee is not a public body, the Board should consider retaining meeting minutes to ensure that there is a record of the work of the Finance Committee available for review. During the latter portion of this performance audit, the Superintendent indicated that CCMRDD consulted with its legal counsel and was advised that Finance Committee meetings are subject to the Open Meetings Act. As a result, CCMRDD will retain meeting minutes pertaining to the Finance Committee. Lastly, although expenditures for family support services represent less than 1 percent of total expenditures, CCMRDD may want to further review family support services for potential cost savings, based on the higher expenditures per ADM (see **Table 2-3** and accompanying discussion).

Recommendations

Forecast

- R2.1 CCMRDD should adopt formal policies and procedures that address the process to be used in developing, reviewing, approving, monitoring, and updating the five-year forecast. The forecast and assumptions (see R2.2) should be developed and made available to internal and external stakeholders as a single planning document, which can be subsequently included in the Annual Plan. Prior to seeking formal approval from the Board, the Superintendent should consider sharing the five-year forecast with department administrators for their input and feedback. Moreover, the Board should review and formally approve updates to the forecast during the year. Finally, CCMRDD should ensure that the forecast, Annual Plan, and budget each provide consistent financial information, and are updated as necessary. Formal forecast policies and procedures will better ensure that all internal stakeholders have a clear understanding of the forecast and their respective roles in the forecasting process while allowing external stakeholders to have a reasonable expectation for the content and intended use of the forecast. This, in turn, will better ensure the development of a reliable forecast to aid in CCMRDD's decision-making process.**

CCMRDD updates its Annual Plan, budget, and five-year forecast (the forecast) simultaneously. The Annual Plan includes the approved budget as well as a series of expenditure assumptions titled as "Budget Explanation, Continuation of Services" (the forecast assumptions). However, there are no written revenue assumptions to accompany the forecast (see **R2.2**). The FY 2008 Annual Plan states that "this plan is a projection based on information known at this time. Each year the five-year plan will be revised to fall in line with the latest information. The containment of costs must begin immediately to minimize the impact of the budget deficit that appears in 2008 & 2009." Although the Annual Plan contains the forecast expenditure assumptions, the Annual Plan is a static document that remains as approved by the Board and does not contain the actual five-year forecast (i.e., projected figures). In contrast, the budget and forecast are living documents which are updated as new or more accurate information becomes available. As a result, this increases the risk of assumptions in the Annual Plan not accurately reflecting or fully explaining all elements within the forecast (see **R2.4** to **R2.7**).

CCMRDD does not have formal forecast policies or procedures. The Superintendent, with some assistance from the Business Manager, develops the forecast. The Superintendent plans to shift more of the responsibility for developing the forecast to the Business Manager as she develops the skills necessary to take on this expanded responsibility. Although department-level administrators give input to the forecast indirectly through the Annual Plan, there is no direct involvement. The forecast, after

development and in conjunction with the Annual Plan and budget, is then reviewed by the Board Finance Committee. The Finance Committee gives input on the forecast and then recommends it for review and approval by the full Board (see **issue for further study**). The Board typically gives final approval to the forecast, as well as the Annual Plan and budget, in January. Although the forecast may be updated during the course of the year, there is no evidence that the updated forecast is formally reviewed by the Board. The Annual Plan, including the budget and forecast assumptions, is available for the public to review, although not on CCMRDD's website (see **R2.9**).

Forecast projections and accompanying expenditure assumptions are based off of available historical trend data and known modifications (e.g., staffing, program, or negotiated agreement changes). The Superintendent's general forecasting philosophy is to project expenditures as accurately as possible while remaining conservative on revenue projections. The Superintendent noted that revenues can be particularly difficult for the area given the depressed economic conditions as well as a very high home foreclosure rate. For further analysis of CCMRDD's forecast as well as revenue and expenditure assumptions, see **R2.3** to **R2.7**.

The auditing and accounting guide *Prospective Financial Information* (American Institute of Certified Public Accountants (AICPA), 2008) states that financial forecasts may be prepared as the output of a formal system. A formal system consists of a set of related policies, procedures, methods, and practices that are used to prepare financial forecasts, monitor attained results relative to the forecasts, and prepare revisions to, or otherwise update, the forecasts. Financial forecasts may also be prepared via a formal work program. If such a program is used in place of a formal system, it should adequately define the procedures, methods, and practices to be employed. This publication identifies numerous guidelines for preparing and reviewing financial forecasts, including the following:

- Forecasts should be prepared in good faith, using the best information available at the time to develop appropriate assumptions.
- Forecasts should be prepared with care by qualified personnel using appropriate accounting principles. Procedures should be established to facilitate the prevention, detection, and correction of errors.
- The process used to develop financial forecasts should allow users to identify the best information that is available at that time.
- Key factors should be identified as a basis for assumptions. Assumptions used in preparing the financial forecasts should be appropriate, reasonable and well-supported, and could include the following components: market surveys, general

economic indicators, trends and patterns developed from the entity's operating history (historical trends), and internal data analysis (union contracts and labor rates).

- The process used to develop financial forecasts should provide adequate documentation of both the financial forecast and the process used to develop them. Documentation should also include recording the underlying assumptions as well as summarizing the supporting evidence for the assumptions. As a result of well supported documentation, users can trace forecasted results back to the support for the basic underlying assumptions.
- The process used to develop financial forecasts should include, where appropriate, the regular comparison of the financial forecasts with the attained results. Comparing prospective financial results with actual fiscal numbers provides a historical measure of success and can be an indicator of the reliability of future forecasts.
- The process used to prepare financial forecasts should include adequate review and approval by the responsible party at appropriate levels of authority. The responsible party should have access to the financial forecasts and supporting documentation in order to adequately review and approve the financial forecasts.

Without policies and procedures for developing the five-year forecast, CCMRDD increases the potential for unrealistic expectations and projections about future revenues and expenditures (see **R2.3** to **R2.7**). This subsequently increases the risk of inaccurately detecting future problems and devising appropriate solutions in a timely manner.

R2.2 CCMRDD should prepare detailed assumptions to explain and clarify forecasted revenues and expenditures, especially for sensitive assumptions. The assumptions should contain sufficient information that a reader will understand the rationale and basis for projections absent additional explanation. See R2.4 through R2.7 for further information. Finally, CCMRDD should include an introductory statement, preceding the revenues and expenditures assumptions, that clearly identifies the intended use of the assumptions as well as the period in which the projections and assumptions were developed.

CCMRDD does not have forecast revenue assumptions nor does it forecast revenues as detailed line-items. The FY 2008 five-year forecast projects revenues only as tax revenue and non-tax revenue. According to the Superintendent, revenue assumptions were omitted because of the difficulty in developing them, stemming from numerous changes in intergovernmental funding sources that have occurred over the last couple of years. In addition, the Superintendent noted that some funding sources have been hard to predict as

to their availability to the Board. For example, last year, ODMRDD told the Superintendent that CCMRDD would have 67 new Level-1 waivers in January 2008. However, CCMRDD did not actually get the waivers until May 2008. While the Board has expenditure assumptions, AOS reviewed the assumptions and identified a number of areas in which the Board's forecast assumptions could be improved (see **R2.4** through **R2.7**), based partially on the ensuing suggested guidelines from AICPA.

The auditing and accounting guide *Prospective Financial Information* (American Institute of Certified Public Accountants (AICPA), 2008) states that the disclosure of significant assumptions is essential to the reader's understanding of the financial forecast. The basis or rationale for the assumptions should be disclosed to assist the user of the financial forecast to understand the presentation and make an informed judgment about it.

Identifying those assumptions that, at the time of preparation, appear to be significant to the financial forecast requires the careful exercise of judgment by the responsible party. By nature, financial forecasts embody a large number of assumptions and an attempt to communicate all assumptions in great detail may be unreasonable. At minimum, the assumptions disclosed should include the following:

- Assumptions about which there is a reasonable possibility of the occurrence of a variation that may significantly affect the prospective results; that is, sensitive assumptions;
- Assumptions about anticipated conditions that are expected to be significantly different from current conditions, which are not otherwise reasonably apparent; and
- Other matters deemed important to the prospective information or its interpretation.

Particularly sensitive assumptions are those assumptions having a relatively high probability of variation that would materially affect the financial forecast. The impact on the financial forecast might result from either an assumption with a relatively high probability of a sizable variation or an assumption for which the probability of a sizable variation is not as high but for which a small variation would have a large impact.

Finally, an introduction preceding the summary of assumptions should be provided to make clear that the assumptions disclosed are not an all-inclusive list of those used in the preparation of the prospective information, and that they were based on the responsible party's judgment at the time the prospective information was prepared. This introduction describes what the responsible party intends the financial forecast to present, includes a statement that the assumptions are based on the responsible party's judgment at the time the prospective information was prepared, and includes a caveat that the prospective results may not be attained.

Following AICPA guidance and providing assumptions would help to ensure that those who use the forecast have a clear understanding of the basis for the projections.

R2.3 CCMRDD should ensure that the basis of the revenue projections is well supported, accurate, and fully explained by a set of detailed assumptions (see R2.2). CCMRDD should also consider forecasting the detailed elements comprising its revenues as separate assumptions, such as in Table 2-2. Further, CCMRDD should review historical trends and apply them where appropriate. Any significant deviation from the historical trends should be addressed and fully explained in the forecast assumptions.

CCMRDD projects tax revenue to increase by 10.9 percent, from approximately \$6.6 million in FY 2007 to approximately \$7.3 million in FY 2008. Thereafter, tax revenue is projected to remain constant at the FY 2008 level through FY 2009 and FY 2010. Tax revenue is projected to decrease by 11.0 percent to \$6.5 million in FY 2011 and remain at that same level for FY 2012.

Voters recently passed a 1.5 mill replacement levy (continuing operating) in May 2007. The Board has a FY 2008 effective millage of approximately 3.9 mills which the County Auditor estimates will generate (at 97 percent collections) approximately \$6.9 million, which is lower than CCMRDD's projection of \$7.3 million. Furthermore, CCMRDD's tax revenue increased at an average of 6.4 percent per year from FY 2002 to FY 2007. This is consistent with Columbiana County's generally increasing tax valuation trends from FY 2000 to FY 2007. Additionally, tax revenue increased each year, with the exception of declines in FY 2005 (1.5 percent) and FY 2006 (1.8 percent).

Non-tax revenue is projected to decrease by 7.2 percent, from approximately \$4.4 million in FY 2007 to approximately \$4.1 million in FY 2008. Thereafter, non-tax revenue is projected to remain constant through the remainder of the forecast period (FY 2012). However, CCMRDD's non-tax revenue increased an average of 2.0 percent per year from FY 2002 to FY 2007, with increases each year except for a decline of 13.9 percent in FY 2003. The Superintendent noted that the projected decrease was to account for collection of Medicaid payments in FY 2007 which should have been collected in FY 2006. However, the average yearly change in non-tax revenue excluding FY 2007 is 2.1 percent. Therefore, including an increase for FY 2008 after accounting for the Medicaid payment could have still been appropriate, especially since FY 2006 revenues should have been greater.

CCMRDD's revenue projections do not appear to account for historical trends. In addition, there are no forecast assumptions that explain why these line-items would deviate from the historical average. In absence of sufficient explanation, a forecast user would not be able to adequately understand the Board's projected revenue stream.

R2.4 CCMRDD should ensure that the forecast assumptions support the methodology and projected figures for salaries. Additionally, CCMRDD should consider explaining its projection of future salaries by stating what portion of the total projection is attributable to each group (i.e., administrative, certificated, classified, or substitute). Because it is possible that not all negotiated agreements will be uniform in step and base increases, clearly delineating the composition of the salaries line-item would allow forecast users to have an adequate understanding of the projection methodology and overall salary structure. The assumptions for this line-item should also clearly note whether negotiations are ongoing at the time of development and that changes in negotiated agreements would likely affect the accuracy of the projections. In addition, CCMRDD should note the staffing levels which the projections are based upon. Given that salaries are the largest expenditure for CCMRDD, a detailed assumption will allow forecast users to have a clear understanding of the projection. Lastly, CCMRDD should consider including a methodology to project overtime costs, which may also help the Board monitor trends in overtime to ensure they do not become excessive.

CCMRDD projects salaries and overtime as separate line-items per the County Auditor's instruction. In FY 2008, the Board projects approximately \$5.4 million in salary expenditures. Based on the Board's documentation of current salaries and substitute wages, AOS projects CCMRDD's FY 2008 salaries will be approximately \$5.1 million.

The FY 2008 forecast assumptions do not detail the staffing level upon which the projection is based nor do they delineate what portion of salaries can be attributed to administrative, certificated, classified, or substitute salaries. Furthermore, CCMRDD's forecast assumptions project total salaries to increase by 3 percent annually to account for an average step increase.

The Superintendent initially indicated that, as stated in the forecast assumptions, salaries did not include any negotiated wage increase (NWI) and were projected to increase by a 3 percent average step increase only. However, when further clarification on the calculation of the 3 percent average step increase was requested, the Superintendent explained that half of the percentage increase was attributable to a 1.5 percent NWI. This appears to be reasonable based on the Board's current bargaining agreement. The remaining 1.5 percent increase was attributable to step increases based on only those employees eligible for step increases. This appears reasonable based on an analysis of the agreement which covers the majority of the Board's employees and employees' current step levels, which found that salaries would increase by approximately 1.6 percent because of step increases for FY 2009.

The Board is set to renegotiate its agreements in FY 2008 and FY 2009. However, this is not conveyed in the forecast assumptions, even though negotiations could significantly

affect wages and the accuracy of projections. Finally, the FY 2008 Annual Plan does not include an assumption for overtime. Based on the Board's FY 2008 June financial statements, General Fund overtime was allocated at approximately \$26,000 for FY 2008. As of the end of June 2008, the Board had spent approximately \$18,600 on overtime. Assuming CCMRDD maintains a constant rate of expenditure over the duration of FY 2008, overtime expenditures will total nearly \$37,000. Because FY 2008 is the first year for which CCMRDD has projected overtime expenditures, there is no historical trend upon which to base the projection.

R2.5 CCMRDD should disclose the basis and methodology used to arrive at the projected figures for medical insurance, and ensure that the current projections are based on reliable information. In the absence of a well developed historical trend, the Board could opt to increase these expenditures based on industry standards. Likewise, CCMRDD should note that insurance premiums are only in effect for half of the first year of the projection and that upcoming union negotiations could impact the projected insurance costs. Finally, as separate types of insurance coverage (i.e., medical, dental, vision, and life) can increase at different inflationary rates, the Board should consider noting the composition of the total insurance expenditure as well as the historical trend for each element within the assumption.

MRDD medical insurance (insurance) expenditures are projected at approximately \$2.6 million for FY 2008, \$2.5 million in FY 2009, \$2.7 million in FY 2010, \$2.9 million in FY 2011, and \$3.0 million in FY 2012. However, based on the costs related to premiums in the first half of FY 2008, number of employees covered, and their respective plan type (single or family), AOS calculated FY 2008 insurance expenditures at approximately \$2 million. In addition, CCMRDD's premiums for the second half of FY 2008 decreased relative to the first half. This would, in turn, decrease the AOS calculation of \$2 million.

CCMRDD's medical insurance assumption does not address the reasons for projected increases, but notes that the line item includes expenditures for hospitalization, dental, vision, and life insurance. The assumption also listed the corresponding rates for each category of insurance coverage based on the information available at the time of the projection. The Business Manager explained that the insurance line item also includes a fee for an insurance consultant, which was approximately \$6,000 in FY 2007 and FY 2008.

CCMRDD switched insurance providers in mid-year 2007. As such, the Board is entering only its second year with the current provider. Coupled with rates being subject to change mid-year, forecasting insurance expenditures will be difficult. This is not disclosed in the assumptions. Union negotiations are set to take place in FY 2008 and FY 2009 which can impact the Board's and employees' insurance costs, which is also not disclosed in the assumptions. By clearly noting the year and rates on which projections are based, as well

as the total number of employees receiving coverage (single, family, or opt-out), the Board will be able to present the best information possible at the time.

- R2.6 CCMRDD should ensure that the Medicaid Fund contracted services forecast accurately portrays the Board’s planned expenditures for each year. Additionally, the forecast assumptions should clearly state how many waivers the projection is based on and the cost per waiver that CCMRDD is obligated to cover.**

Fund S10 MRDD Residential Services (Medicaid Fund) contract services are projected at \$875,000 in FY 2008. This is projected to remain constant until FY 2011 when it is projected to increase by 2.9 percent to \$900,000, where it is projected to remain through FY 2012.

This fund is dependent on the total number of Level 1 waiver consumers and represents the Board’s Medicaid match of 40 percent, including the match for services provided by private workshops in the County. This category includes the supported living contracts for which the Board contracts with Threshold Residential Services, Inc. and Consumer Support Services, Inc. Although CCMRDD receives State funding in this category, it spends more than it receives.

The assumption projects the Board’s total match for “this year” to be approximately \$980,000, including \$185,000 for private workshops. However, if by “this year” the assumption refers to FY 2008, the forecasted amount of \$875,000 contradicts the assumption. Further, the assumption does not address CCMRDD’s waivers which the Superintendent expects to increase. This, in turn, would increase the Board’s expenditures in this category.

- R2.7 CCMRDD should consider using historical trends, such as the average annual increase over an extended time period, to help project utilities, supplies, other equipment, repairs, General Fund-contract services, and other expenses. When using historical trends to formulate the assumptions, the Board should account for one-time events and note major changes in the assumptions (e.g., moving the SSA Office from a separate building into the Robert Bycroft School and eliminating the SSA Office lease). If CCMRDD anticipates events that would require deviations from historical trends, it should explain as such in the assumptions and accordingly project the expenditures. For utilities and General Fund-contract services, CCMRDD should consider applying a separate forecast methodology for the disparate elements comprising the total expenditures. To further improve the reliability of the projections and assumptions accompanying the forecast, CCMRDD should ensure that:**

- **Projected expenditures are consistent with budget allocations for all line-items (e.g., supplies).**
- **All relevant historical information is included within the assumptions.**
- **All projected years are appropriately addressed in the forecast and related assumptions (e.g., other equipment).**
- **Assumptions are up-to-date and accurate in their explanation of the current forecast (i.e., repairs and General Fund-contracted services).**
- **Assumption for other expenses accurately reflects the actual expenditures which make up the line item.**
- **Fund transfers-out projection is well supported by a clear and comprehensive forecast assumption, which identifies the reassigning for specific planned fund transfers.**

The following presents the results of the assessment on the other selected expenditures in CCMRDD's forecast:

Utilities: CCMRDD's utilities line-item includes expenditures for gas, electric, water, sewer, garbage, and telephones. The forecast assumptions simply note that utilities are a new category and that CCMRDD projects utilities expenditures at \$185,000 for FY 2008. This expenditure is projected to increase by 0.5 percent in FY 2009 and then remain constant through the duration of the forecast period. However, based on the year-to-date utility expenditures through June, utilities are on pace to total approximately \$208,000 for FY 2008. This is approximately \$23,000 higher than the original projection.

When AOS presented the above calculation, the Superintendent agreed that re-projecting this line-item would be appropriate. However, the Superintendent also reiterated that because utilities are a new expenditure category (previously included in the other expenses line), the FY 2008 projection was just an attempt to get close to the actual expenditure. Once this line-item has an established trend, forecasting should increase in accuracy. The Superintendent and Business Manager also noted that they may see a slight decrease in the overall expenditures because the Service and Support Administration (SSA) Office moved to the Robert Bycroft School effective August 25, 2008. While this may help offset inflationary increase in FY 2008 and FY 2009, it will not impact years thereafter because the transfer of the Office was a one-time event.

Supplies: General Fund supplies are projected at \$140,000 per year for the entire forecasted period (FY 2008 through FY 2012). The forecast assumption for supplies states that the category includes educational, habilitation, janitorial, medical, and office supplies. Further, the assumption outlines actual expenditures from FY 2000 through FY 2003, but does not include FY 2004 through FY 2007. General Fund supply expenditures increased by an average of 5.4 percent from FY 2002 through FY 2007. Additionally, expenditures increased each year, with the exception of a 12.6 percent decrease from FY

2003 to FY 2004. The Superintendent agreed that some inflationary increase is likely appropriate for supply projections.

The FY 2008 June financial statements also show that General Fund supplies were allocated at \$130,000 which is consistent with the assumption but not the forecast itself. The Superintendent noted that the supplies line-item in the FY 2008 June financial statements was the original budgeted amount and was not updated.

Other Equipment: General Fund other equipment expenditures are projected at \$81,500 for FY 2008, \$271,500 for FY 2009, \$211,500 for FY 2010, \$271,500 for FY 2011, and \$211,500 for FY 2012. Other equipment forecast assumptions note that the Board does not plan to purchase any buses in FY 2008, but plans for the following thereafter:

- FY 2009 - purchase three buses and replace up to six computers;
- FY 2010 - purchase two buses and replace up to six computers; and
- FY 2011 - purchase three buses and replace up to six computers.

The forecast assumptions do not include an explanation for FY 2012; however, the projected expenditure (\$211,500) implies that the Board plans to purchase two buses and replace up to six computers in FY 2012.

Repairs: Repair expenditures are projected at \$218,500 for FY 2008 and \$220,000 for FY 2009 through FY 2012. The forecast assumptions note that this category includes all bus, vehicle, and building repairs. Further, the assumption notes that “this year’s budget is \$208,000 last year we spent \$197,248.40, so [the Superintendent] adjusted the fund to reflect current trends and additional equipment.”

Based on historical expenditures, it appears that the forecast assumption refers to FY 2006 as “last year” and FY 2007 as “this year” rather than FY 2008. For example, in FY 2006, the Board had expenditures of \$197,248.40 for repairs.

The Superintendent noted that repair expenditures are projected to remain constant given that the Board will be replacing buses on a regular schedule from FY 2009 to FY 2012. However, from FY 2002 to FY 2007, repair expenditures increased by an average of 5.6 percent per year. Moreover, expenditures increased each year, with the exception of decreases in FY 2004 (1.6 percent) and FY 2005 (7.2 percent).

General Fund, Contract Services: General Fund contract services are projected at \$350,000 for FY 2008 and are held constant at that same level over the duration of the forecast period. This category includes contracts for occupational therapy, physical therapy, medical services, some janitorial services, snow removal, legal services, leases, and rentals. The assumptions note that in FY 2006 expenditures were \$309,882.49 in

contracted services. Further, the assumptions note that contract services are “currently” budgeted at \$310,000, which contradicts the forecasted amount of \$350,000. Furthermore, the Board’s lack of any projected increase over the forecast period is inconsistent with the average 6.8 percent increase that the Board experienced from FY 2002 through FY 2007. Expenditures increased each year, with the exception of a 5.6 percent decrease from FY 2002 to FY 2003.

The Superintendent and Business Manager noted that there have been some cuts made to this line item; most notably the elimination of leased office space for the Service and Support Administration (SSA) Office. The Business Manager said that the monthly lease cost of the old office space was \$900 (or \$10,800 for 12 months). However, this only accounts for approximately three percent of the projection and will not impact every year of the forecast.

Other Expenses: General Fund other expenses are projected at \$350,000 for FY 2008 and are held constant at that same level over the duration of the forecast period. According to the assumptions, this category includes bus fuel, trash collection, telephone, vehicle leases, heating fuel, pest control, electric, water, sewer, tuition reimbursement, maintenance contracts, arbitration fees, advertising, laundry, newsletter, and liability insurance.

The forecast assumption for other expenses appears outdated because the assumption refers to categories of expenditure which are now included in the utilities line-item. In addition, the forecast assumption does not delineate the several remaining expenditures which make up other expenses (i.e., dollar value or percentage for each expenditure relative to other expenses total). As trends become apparent, the inclusion of an average increase based on the individual expenditures may yield a more reliable forecast.

Transfers-Out: Fund transfer-out expenditures are projected at \$50,000 for FY 2008 and are held constant at that same level over the duration of the forecast period. However, fund transfer-out is not addressed in the forecast assumptions.

According to the Superintendent and Business Manager, fund transfers-out are the sum of all interfund transfers; transfers between line items are not included. For example, CCMRDD typically transfers about \$12,000 from the General Fund into the Restaurant Fund on an annual basis. This is a planned transfer that the Board has determined to be appropriate.

*Budgeting***R2.8 CCMRDD should develop a comprehensive set of formal budgeting policies and procedures that include the following:**

- **A budget calendar;**
- **Budget guidelines;**
- **Mechanisms for coordinating budget preparation and review;**
- **Procedures facilitating budget review and final adoption; and**
- **Identification of opportunities for stakeholder input.**

Furthermore, CCMRDD should train its administrators on the budgeting process, and related policies and procedures. This would enable administrators to take more ownership of their budgets, and subsequently CCMRDD's overall financial standing. This, in turn, should provide managers with the flexibility to make budgetary decisions which could improve overall efficiency and effectiveness of each of their departmental areas. Finally, CCMRDD should include performance measures in the budget document (see client services and case management).

The annual budget is prepared and controlled centrally by the Superintendent with assistance from the Business Manager; CCMRDD does not have departmental-level budgets. In addition, CCMRDD does not have budgeting policies or formal budget development, review, and approval procedures. The budget, Annual Plan, and forecast are developed simultaneously.

Typically, the budget process is started in the fall of the preceding year for which the budget will be in effect and is finished by January of the budget year. The Superintendent solicits input from the building-level administrators on any projects or building improvements for the coming year. Proposed projects are reviewed by the Superintendent and Business Manager for reasonableness, funding availability, and priority. Approved proposals (from the Superintendent and Business Manager) are then sent for review by the Board Finance Committee. After proposals are reviewed at this level, they are recommended to the full Board for approval. Fully approved proposals are added to the Annual Plan and budget. Although the Annual Plan functions as the Board's strategic plan by including goals and objectives, CCMRDD lacks a formal performance measurement system. See **client services and case management** for further analysis of performance measurement and strategic planning.

The Superintendent provides monthly financial statements to the Board which allow for the Board to review the budgetary allocation, monthly budgetary expenditures, and percentage expended relative to the original allocations. Conversely, the Superintendent does not formally communicate departmental budget status to building-level

administrators because, in the Superintendent's estimation, it encourages more spending and less savings when the Board's finances will not support it. The Superintendent feels that both the Board and department-level administrators are comfortable with the current financial budgeting and communication processes. Furthermore, the Superintendent feels that once CCMRDD is able to get its administrators trained on how to budget (i.e., use what they need not what they want), budgeting can become more decentralized.

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting (GFOA, 1998) recommends that all governments prepare and present a formal budget for review by stakeholders as well as the governing body. Good budgeting is a broadly defined process that has political, managerial, planning, communication, and financial dimensions. A good budget process moves beyond the traditional concept of line item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

According to GFOA, a government should establish an administrative structure that facilitates the preparation and approval of a budget in a timely manner. Procedures should be established for ensuring coordination of the budget process. A process is also needed to develop and communicate the policies and guidelines that will guide budget preparation. In order for the budget to be adopted in a timely manner, processes should be developed to assist stakeholders in understanding tradeoffs and to help decision-makers make choices among available options. The processes should include reporting to, communicating with, involving, and obtaining the support of stakeholders. Practices include the following:

- Developing a budget calendar;
- Developing budget guidelines and instructions;
- Developing mechanisms for coordinating budget preparation and review;
- Developing procedures to facilitate budget review, discussion, modification, and adoption; and
- Identifying opportunities for stakeholder input.

GFOA further recommends that performance measures be presented in basic budget materials, including the operating budget document, and be available to stakeholders. At least some of these measures should document progress toward the achievement of previously developed goals and objectives.

Developing policies and procedures for the budgeting process would help the Board ensure that the transition to a more decentralized budget is successful.

Financial Reporting

R2.9 CCMRDD should provide monthly departmental budget reports to assist department-level administrators in their respective financial management roles. This will be increasingly important as the budgeting process evolves from a highly centralized to a more decentralized process (see R2.8). In addition, CCMRDD should publish the Annual Plan, Annual Report and monthly budget reports that contain pertinent management discussion and analysis on its web site. Doing so would increase public accessibility of the information at a relatively low cost to the Board.

CCMRDD's primary means of communicating financial information to external stakeholders is through the Annual Plan (which includes a copy of the fiscal year budget) as well as through discussion of monthly financial statements at the Board's monthly meetings. According to the Superintendent, the Annual Plan is available to the public at CCMRDD's administrative offices. CCMRDD's web site contains program and service information but does not contain financial information; nor does it contain a copy of CCMRDD's Annual Plan or Annual Report. CCMRDD's Annual Report details the preceding year's programs offered, consumers served, expenditures by program and function, and structure of the organization. However, according to the Superintendent, external stakeholders do not generally show a great deal of interest in CCMRDD's financial status.

The Superintendent communicates financial information to the Board through presentations and monthly financial statements. The monthly financial statements include a year-to-date expenditure summary by line-item, monthly vouchers, and total revenue and expenditures by fund report. In addition, the Superintendent plans to present a mid-year financial update to the Board at its August 2008 meeting.

CCMRDD's department-level administrators depend on informal, verbal communication from the Superintendent and Business Manager as well as financial information presented formally in the Board financial statements. In contrast, the peers all present financial information to their department-level administrators, with two of the three peers presenting formal departmental budget reports to department-level administrators. These monthly reports include fiscal year-to-date program-specific expenditures and percentage expended relative to the original budget allocation. The Superintendent indicated that more detailed financial reports (department and program-level) had been used in the past, but that the Board did not feel that it was necessary to review information in this level of detail.

Including Management's Discussion and Analysis in Departmental Reports (GFOA, 2004) notes that the purpose of management's discussion and analysis (MD&A) is to

provide an objective and easy-to-read analysis of financial activities based on known facts, decisions, or conditions. To that end, GFOA recommends that MD&A be presented in conjunction with all departmental records, individual fund reports, and similar reports. The addition of MD&A would benefit the users of departmental reports, individual fund reports, and similar reports.

As the budget becomes more decentralized, department budgetary reports would help keep the Board, Superintendent, Business Manager, and department-level administrators apprised of CCMRDD's entire financial condition. Including MD&A in future budget documents and financial reports (where appropriate) would help all stakeholders improve their understanding of the various financial reports.

Using Websites to Improve Access to Budget Documents and Financial Reports (GFOA, 2003) recommends that every government publish its budget document on the government's web site. In addition, this GFOA publication, with regard to the budget document, recommends that the government ensure the following:

- The electronic and hard copies of the budget are identical;
- The web site indicates whether the budget is preliminary or approved;
- The budget clearly indicates whether or not it is historical or current information; and
- The website, and by extension the budgetary information, is protected from manipulation by those outside the government.

In addition, the GFOA publication identifies specific benefits of including financial information on the web site as:

- Increased awareness of the government's finances;
- Increased usage of the government's financial information including the ability of stakeholders to find, extract, and analyze financial information;
- Avoidance of financial information disclosure redundancy; and
- Cost savings relative to providing multiple published copies of the financial information.

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Human Resources

Background

This section focuses on the human resources function at the Columbiana County Board of Mental Retardation and Developmental Disabilities (CCMRDD or the Board). The objective is to assess the chosen areas of operations against selected peers¹ and industry standards, such as data published by the State Employment Relations Board (SERB).

Summary of Operations

CCMRDD does not have a separate department that performs human resources activities. Instead, the Board's human resources and administrative-related functions are carried out by the Superintendent, Business Manager, Administrative Secretary, and departmental supervisors. The Superintendent is responsible for negotiating collective bargaining agreements, addressing grievances, hiring, and determining compensation levels, with the Board's approval. The Business Manager's human resource duties include processing payroll and managing health insurance, other employee benefits, and workers' compensation. The Administrative Secretary performs new employee orientation, oversees testing for clerical positions, and processes payroll. Departmental supervisors are responsible for submitting payroll and interviewing candidates for employment.

Staffing

Table 3-1 illustrates staffing levels at CCMRDD and the peers as of July 2008. All positions are shown as full-time equivalents (FTEs) and staffing levels are compared on a per 100 average daily membership (ADM) basis within the applicable service type. For example, the adult ADM is used to compare staffing levels in the adult services category. In areas where staff provides support for all services, such as administration and clerical, the total ADM is used for comparison.

¹ See the **executive summary** for a list of the peer MRDDs and an explanation of the selection methodology.

Table 3-1: CCMRDD Staffing per 100 ADM

	CCMRDD		Coshocton MRDD		Seneca MRDD		Wayne MRDD		Peer Average	
	FTE	Per 100 ADM	FTE	Per 100 ADM	FTE	Per 100 ADM	FTE	Per 100 ADM	FTE	Per 100 ADM
Administration	5.0	1.0	1.9	0.6	7.0	1.8	4.9	0.8	4.6	1.1
Community Services	10.0	3.6	6.9	4.5	9.0	4.5	11.0	2.6	9.0	3.8
Adult Services	45.1	13.7	13.3	8.7	35.3	14.4	37.6	9.8	28.8	11.0
Children Services	25.1	13.5	21.1	12.4	22.3	16.0	29.1	13.9	24.2	14.1
Clerical	7.6	1.5	4.4	1.4	8.4	2.2	7.5	1.3	6.8	1.6
Building and Grounds	4.5	0.9	2.3	0.7	3.0	0.8	0.5	0.1	1.9	0.5
Transportation	20.0	3.9	8.1	2.5	11.7	3.0	33.0	5.6	17.6	3.7
Total Employees	117.2	22.7	58.1	18.0	96.7	25.1	123.7	20.9	92.8	21.3

Source: Columbiana County MRDD and peer payroll staffing and job descriptions

Note 1: FTE is equal to 8 hours per day, 260 days per year.

Note 2: ADM is based on enrollment for individual programs in 2007. For the Community Services category, active cases was used to calculate the FTEs per 100 ADM (see **client services and case management**).

As illustrated in **Table 3-1**, CCMRDD has higher FTE staffing levels per 100 ADM when compared to the peer average in the following categories:

- **Adult Services** – due to direct care staffing levels, which mainly includes workshop specialists;
- **Building and Grounds** – due to custodial staffing levels; and
- **Transportation** – due to driver staffing levels.

See **Issues for Further Study** for additional analysis of these categories.

Salaries

Table 3-2 compares CCMRDD's average salary per FTE to the peers by functional area. CCMRDD does not pay any portion of the employees' retirement contributions. Of the peers, only Coshocton MRDD pays a portion of the employees' retirement contributions, which is 2 percent.

Table 3-2: FY 2008 Average Salaries

	CCMRDD	Coshocton MRDD	Seneca MRDD	Wayne MRDD	Peer Average
Administration	\$46,020	\$71,589	\$53,838	\$57,670	\$61,032
Community Services	\$45,066	\$43,568	\$47,675	\$53,441	\$48,228
Adult Services	\$40,060	\$38,380	\$33,687	\$50,077	\$40,715
Children Services	\$56,274	\$42,732	\$44,281	\$60,075	\$49,029
Clerical	\$28,852	\$24,815	\$33,027	\$41,190	\$33,011
Building and Grounds	\$25,133	\$17,622	\$32,883	\$40,163	\$30,222
Transportation	\$28,850	\$28,924	\$28,899	\$33,179	\$30,334
Total Employees	\$41,034	\$38,080	\$34,565	\$47,936	\$40,194

Source: CCMRDD and peer payroll reports

Note: To account for differences in work hours and days, the average salaries are based on 1.0 FTE equal to 2,080 hours worked per year.

As illustrated by **Table 3-2**, CCMRDD's average salary for all staff is slightly higher than the peer average. This is primarily attributable to the significantly higher average salary for Children Services staff, due to instructors and instructor assistants. However, CCMRDD's average instructor salary in FY 2008 is only 3.6 percent higher than the average salary for teachers in public school districts in Columbiana County, as reported by the Ohio Department of Education (ODE) for the 2006-07 school year. Given that the County average salary data is a year behind CCMRDD, the Board's instructor salaries appear reasonable. For additional analysis regarding instructor assistants, refer to **Issues for Further Study**.

Negotiated Agreements

The following collective bargaining agreements cover CCMRDD's personnel:

- **Columbiana County MRDD Service and Support Administrators Association (SSA):** Covers Service and Support Administration employees and is effective through December 31, 2008.
- **Columbiana County MRDD Employees Association (EA):** Covers clerical, adult services, custodial, nurse, and transportation employees and is effective through December 31, 2008.
- **Robert Bycroft Education Association (RBEA):** Covers certified and non-certified school employees and is effective through August 31, 2009.

As part of the performance audit, certain contractual and employment issues were assessed and compared to the peers, Ohio law, and industry benchmarks. See **Assessments Not Yielding Recommendations** and **R3.2** for more information.

Audit Objectives for the Human Resources Section

The following is a list of the questions used to evaluate the human resources functions at CCMRDD:

- How do CCMRDD staffing levels compare to other county MRDD boards and benchmarks?
- How does CCMRDD's compensation package compare with other county MRDD boards and industry standards?
- How does the cost of insurance benefits offered by CCMRDD compare with state averages and industry benchmarks?
- How do CCMRDD's negotiated agreements compare with peers and recommended practices?

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices, which include the following:

- **Health Insurance Opt-out Stipend:** In an effort to control health care costs, the Board pays an annual stipend of 13.5 percent of the monthly health care premium, which is \$684 for single and \$1,269 for family coverage. This translates into a \$1,109 and \$2,056 stipend for any employee that opts-out of the Board's health insurance single and family plans, respectively. This equates to \$29,899 for the 15 individuals who have chosen the opt-out stipend. By comparison, the Board would incur \$205,821 if these 15 individuals instead chose to participate in CCMRDD's health plan, after the current contribution amounts are deducted. Assuming that the 15 employees would otherwise participate in the Board's health plan, the opt-out stipend results in an 85 percent savings. In general, these figures indicate that the Board can realize a substantial savings if/when an employee chooses the opt-out stipend. The *2007 Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2007) survey reports that 33 percent of the respondents offer a monetary incentive to employees that waive coverage. The SERB survey also reports that of these respondents, 64 percent and 78 percent provided a stipend of more than \$1,000 to opt-out of single and family coverage, respectively, and 38 percent provided more than \$2,000 for family coverage.
- **Dental, Vision and Life Insurance:** CCMRDD appears effective in controlling the cost of dental, vision, and life insurance. Specifically, the Board's dental premiums are \$21.39

for single coverage and \$62.46 for family coverage while the SERB estimated averages² are \$41.95 and \$86.89, respectively. Similarly, the Board's vision premium is \$8.46 for single coverage and \$19.14 for family coverage, compared to the estimated SERB averages of \$13.37 for single coverage and \$19.49 for family coverage. While the Board's life insurance premium for 2008 is higher than the SERB average by approximately 6 percent, the SERB data is from 2004, which is the last year SERB reported this information.

Assessments Not Yielding Recommendations

In addition to the analyses presented in this section, the following provisions were identified as comparable to peers and/or other standards: length of workday, number of sick days accrued, board pension contributions, and negotiated wage increases.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. Those issues may not be directly related to the audit objectives or may be issues that were outside the scope of the audit. AOS identified the following issues requiring further study:

- **Driver Staffing:** Driver staffing levels are impacted, in part, by the number and type of workshops CCMRDD operates. Specifically, CCMRDD transports consumers to its enclave at Mountaineer Casino Racetrack and Resort in Chester, West Virginia for two shifts every day. Additionally, the Superintendent noted the Board receives \$19.50 per one-way trip for consumers on waivers, which he expects to help the transportation operation break even in the near future. CCMRDD's routing practices and other similar factors can also impact driver staffing levels. However, an assessment of CCMRDD's bus routing and transportation efficiency was not part of the scope of this audit. Therefore, CCMRDD should consider conducting an assessment of transportation to ensure operational efficiency.
- **Adult Services Staffing:** Table 3-1 shows that CCMRDD employs 2.7 more adult service FTEs per 100 ADM when compared to the peer average, which is due to employing 3.2 more direct care FTEs per 100 ADM. The Ohio Department of Mental Retardation and Developmental Disabilities (ODMRDD) requires workshop staffing levels to be based on acuity assessments of each consumer receiving Adult Day waiver services. According to a daily consumer roster provided by CCMRDD, 31 staff members

² Premium costs reported by SERB in 2007 have been increased for inflation to allow for a more reliable comparison to the Board's premiums in 2008.

were necessary to meet the consumers' needs, as identified through acuity assessments. Assuming all 38.3 FTEs in adult services direct care fulfill the minimum staffing dictated by the acuity assessments, CCMRDD has some cushion to account for fluctuations in consumer attendance, staffing demands related to the Mountaineer enclave, and the specific needs of its consumers.

In addition, CCMRDD operates three workshops, including the Mountaineer enclave, which is more than each of peers. This also contributes to the higher adult service FTEs per 100 ADM in **Table 3-1**. If CCMRDD experiences financial difficulties in the future, it could explore a consolidation of services and other options to potentially reduce adult service staffing levels. However, if CCMRDD explores such options, it should consider the potential impact on consumers and program effectiveness, and ensure compliance with the minimum staffing requirements based on the acuity assessments. Furthermore, by implementing a performance measurement system, CCMRDD would better ensure that it maintains staffing levels that align with producing the optimal level of positive service outcomes (see **client services and case management** section).

- **Custodial Staffing:** CCMRDD has more custodial FTEs per 100 ADM than the peers, 0.9 FTEs compared to 0.6 FTEs. In addition, custodians maintain approximately 13,600 square feet per FTE. This is well below the benchmark of 18,000 to 20,000 square feet for special education areas reported in the *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES), 2003). However, CCMRDD's ratio of 13,600 square feet per FTE is above this publication's benchmark of 10,000 to 11,000 square feet for "spotless" buildings, such as in a hospital environment or corporate suite. Furthermore, CCMRDD's two workshops, adult senior center, and school are situated throughout Columbiana County, which can impact the feasibility of assigning one custodian to maintain multiple facilities. With the exception of 1.5 FTEs at the school, one custodian is assigned to each facility. Consequently, in order to achieve the benchmark of 18,000 to 20,000 square feet per FTE, CCMRDD will likely have to reduce the number of hours worked by some custodians, from full-time to part-time status. Lastly, some custodians may be performing other duties. For example, one custodian is listed as a "custodian/truck driver" and another custodian is listed as a "custodian/seasonal/part-time" in the staffing information provided to AOS. Based on the above factors and custodians comprising only 3.8 percent of total FTEs, the performance audit did not further assess custodian staffing levels. Nevertheless, CCMRDD should further evaluate the aforementioned options and other potential strategies to minimize custodial personnel costs, alongside its desired level of service and cleanliness for facilities, related collective bargaining provisions, and financial condition.
- **Instructor Assistant Salaries:** While CCMRDD's average salary for instructor assistants is 18.3 percent lower than Wayne MRDD, it is 20.9 percent higher than Seneca MRDD and 26.2 percent higher than Coshocton MRDD, which includes an additional

two percent for Coshocton MRDD to account for the retirement benefit. Based on a review of job descriptions, this position at CCRMMMD appears to have the same minimum education requirement and job responsibilities as the peers. Years of service could be contributing to CCMRDD's higher average salary as CCMRDD's instructor assistants have an average of 15 years of service. The peers' years of service were not readily available. Despite the higher average salary for instructor assistants, CCMRDD's average salaries appeared reasonable in the other broad classifications (see **Table 3-2** and accompanying discussion) and instructor assistant salaries comprise only 7.4 percent of the total salaries. However, CCMRDD should consider further reviewing the instructor assistant salary schedule and make corresponding adjustments during future negotiations, particularly if its financial condition deteriorates.

- **Inclusion of Intermittent Adult Services Staff in the EA Agreement:** The EA agreement with CCMRDD includes intermittent (substitute) employees. In contrast, the Coshocton MRDD agreement expressly excludes substitutes. Neither Seneca MRDD nor Wayne MRDD has collective bargaining. Furthermore, CCMRDD's Superintendent stated that he spends a significant amount of time responding to grievances filed by substitute employees. As a result, CCMRDD should consult with its legal counsel to determine if intermittent employees could be removed from the bargaining unit during future negotiations.

Recommendations

Benefits

R3.1 The Board should negotiate to increase the employee contribution towards monthly health care premiums above a 10 percent level. For example, requiring an employee contribution of 13 percent would make the Board's contribution levels comparable with the State Employee Relations Board (SERB) 2007 average, but still significantly lower than the *Employer Health Benefits Annual Survey* (the Kaiser 2007 average). CCMRDD should also establish the employee contributions as a percentage of premiums, rather than a fixed dollar amount, to ensure that the contributions increase with inflation. In addition, the Board should review its employee cost-sharing requirements in the health plan, such as retail prescription co-pays and out-of-pocket maximums, to identify potential savings by modifying the plan provisions while still providing an overall fair plan to employees.

CCMRDD should also review the current premium costs with the health care provider to determine whether premiums will continue to decline in the future. If insurance premiums do not decrease to levels that are similar to industry standards with the current provider, the Board should consider seeking multiple bids for its health insurance program and reviewing the possibility of participating in health insurance consortiums.

The Board provides medical and prescription coverage for full-time employees through Anthem's Blue Access PPO plan. **Table 3-3** compares CCMRDD's monthly health insurance premiums (June 2008) with the Kaiser Survey and the SERB averages. Premium costs reported by SERB and the Kaiser Survey have been increased for inflation, to allow for a more reliable comparison to the Board's premiums in 2008.

Table 3-3: Monthly Healthcare Premiums

	CCMRDD	Kaiser Survey	SERB
Monthly Premiums	Anthem Blue Access: PPO¹ Single: \$684.74 Family: \$1269.43	Adjusted Average: PPO Single: \$409.55 Family: \$1,100.26	Adjusted Average: PPO Single: \$449.05 Family: \$1,167.95
Employee Contributions Towards Premiums	Single: \$45 (6.6%) Family: \$90 (7.1%)	Overall Average: Single: 16% Family: 28%	Statewide Average²: Single: 12.3% Family: 13.3%

Source: CCMRDD, Kaiser Family Foundation 2007 Annual Report, SERB 2007 Annual Report

¹ Includes prescription drug coverage

² The SERB figures exclude plans where employees are not required to contribute anything towards the premium. SERB reports that 73.5 and 74.9 percent of employers require employees to contribute towards single and family coverage, respectively.

Table 3-3 shows that CCMRDD's employee contributions are significantly lower than those reported by the Kaiser Survey and SERB. Furthermore, CCMRDD's health insurance premiums are higher than the Kaiser Survey and SERB averages. This could be partially due to the Board's high claims costs for three years when self-funded, given that CCMRDD experienced a 10.45 percent decrease in its premiums from June 2007 to June 2008. The Board joined a full-funded plan in June 2007. However, another factor that can contribute to the higher premiums includes the following plan benefits:

- **Prescription Co-Pays:** The Board's prescription plan retail co-pays are lower than the Kaiser Survey averages. Specifically, Board employees are only required to pay \$8 for generic prescriptions, \$15 for formulary, and \$15 for non-formulary, which are lower than the Kaiser Survey averages of \$11 for generic, \$25 for preferred, and \$43 for non-preferred. However, CCMRDD's mail-order co-pays are higher than the Kaiser Survey averages. The Kaiser Survey does not state if the co-pays are retail or mail-order.
- **Out-of-Pocket Maximums:** The Board's out-of-pocket maximum is \$1,500 for the single plan and \$3,000 for the family plan. When compared to the Kaiser Survey, this is similar to only 23 percent of respondents who require employees to pay between \$1,500 and \$1,999 for their single out-of-pocket maximum and 24 percent of respondents who require employees to pay between \$3,000 and \$3,999 for their family out-of-pocket maximum. The Kaiser Survey also reports that 49 percent of respondents require an out-of-pocket maximum of \$2,000 or more for single coverage and 51 percent of respondents require an out-of-pocket maximum of \$4,000 or more for family coverage.

In contrast to prescription and out-of-pocket maximums, the Board's employee cost sharing compares favorably to SERB and/or Kaiser for medical coverage, physician visits and annual deductibles. However, exploring potential changes in these areas could also yield savings and still provide employees with an overall fair benefit package, especially if CCMRDD does not alter prescription co-pays and out-of-pocket maximums. As such, the following compares CCMRDD's employee cost sharing for medical coverage, physician visits, and annual deductibles to SERB and/or Kaiser:

- **Co-insurance for Medical Coverage:** CCMRDD staff pays 10 percent of in-network medical costs and 30 percent for non-network services. By comparison, SERB indicates that approximately 67 percent of respondents pay 10 percent or less for co-insurance. Furthermore, SERB reports that approximately 40 percent of respondents have no co-insurance requirement.
- **Co-payments for Physician Visits:** CCMRDD pays \$20 for network physician visits. By comparison, SERB reports that 72 percent of respondents in PPO plans

pay \$5 (2 percent), \$10 (11 percent), \$15 (24 percent), or \$20 (35 percent). In addition, SERB reports that 19 percent of respondents pay \$25 while 7 percent pay \$30.

- **Annual Deductible:** The Board's annual deductible of single network coverage of \$500 is higher than the average reported by Kaiser for PPO network coverage (\$461), while its annual deductible for family network coverage of \$1,000 is in line with the average for PPOs (\$1,040) reported by Kaiser. In addition, SERB reported that only approximately 16 percent of respondents had network deductibles of more than \$500 for single coverage and \$1,000 for family coverage.

Financial Implication: If the Board required all employees to contribute 13 percent toward health insurance premiums, it would save approximately \$103,000 annually. As the Board's prior claim costs appear to be partially contributing to the higher premium costs, estimating a potential impact of altering plan benefits is not readily quantifiable.

Collective Bargaining Agreements

R3.2 CCMRDD should consider renegotiating several provisions in its collective bargaining agreements. Specifically, it should consider reducing the minimum amount provided for call-in pay, vacation accrual, number of sick days paid at retirement and separation from Board employment, and personal day accrual. CCMRDD should also negotiate a clause that prorates personal leave for part-time employees and in situations when employees are hired during the year. Moreover, the Board should consider eliminating the RBEA retirement incentive and restricting severance pay to only those staff that retire from CCMRDD employment.

As a component of the performance audit, certain provisions within CCMRDD's collective bargaining agreements were compared to peer agreements or personnel policies³, State requirements, and relevant standards. A summary analysis of the areas that exceeded these benchmarks includes the following:

- **Minimum Call-In Hours:** Currently, CCMRDD guarantees SSA and EA employees a minimum of three hours of pay for call-in status. Seneca MRDD is the only peer that stipulates a minimum call-in pay, but restricts it to 1.5 hours for intermittent employees who report and are not needed. Maintaining a higher minimum guarantee can result in additional costs for CCMRDD.

³ Unlike CCMRDD and Coshocton MRDD, Wayne and Seneca MRDDs do not have collective bargaining agreements.

- **Vacation Accrual:** CCMRDD's vacation accrual is more generous than each of the peer MRDDs and ORC § 325.19. For example, an employee with six years of experience in the SSA and EA bargaining units and seven years of experience in the RBEA bargaining unit receives 15 days of vacation. Conversely, for Seneca MRDD, Wayne MRDD, and ORC § 325.19, an employee must have eight years of experience to receive 15 days of vacation. At Coshocton MRDD, an employee must have nine years of service. Furthermore, CCMRDD has different vacation accrual schedules for members of the SSA and EA bargaining units, and the RBEA bargaining unit. However, each of the peers has the same schedule for all employees. Providing full-time employees with more vacation days than the peers can reduce productivity since there are fewer work days devoted to Board operations. In addition, providing employees with more days off can potentially increase operating costs if substitutes and/or overtime are needed to cover the absence.
- **Severance Payouts:** For SSA and EA staff, CCMRDD provides payment of a maximum of 150 sick leave days for employees who retire. The RBEA negotiated agreement provides payment up to a maximum of 140 days. In contrast, Coshocton and Wayne MRDDs place a cap on the amount of sick days paid out at 50 and 60 days, respectively. Seneca MRDD's policy manual does not place a cap on the sick leave payout. ORC § 124.39 states that sick leave payout shall not exceed the value of 30 days of accrued sick leave. However, section (C) permits political subdivisions to compensate employees for more than 30 days.

Additionally, each agreement provides staff with a severance payout upon separation, but not retirement, from the Board. The RBEA agreement pays any employee who has completed five years of service with the Board for 50 days. Furthermore, the Board's SSA and EA agreements pay employees up to 120 sick days with 3 years of service credit at CCMRDD. None of the peers offer a similar provision. Providing a higher severance payment to retirees, coupled with providing a severance payment for staff who merely leave CCMRDD employment, increases CCMRDD's liability and long term costs.

- **Personal Day Accrual:** CCMRDD grants its full-time employees covered by the SSA and EA contracts three days of personal leave each year, with employees who have more than 15 years of service receiving one extra day per year. Additionally, employees covered by the SSA agreement required to carry a beeper receive one extra personal day every six months. In contrast, the peers provide a maximum of three days per year and prorate the number of days employees earn dependent on the number of months worked. CCMRDD also prorates personal leave accrual for employees covered by the RBEA contract based on the number of days worked each year, with a maximum number of three days. However, the

Board's other two collective bargaining agreements do not prorate personal leave accrual. ORC § 124.386 states an entity may provide 32 hours of personal leave per year for full time employees. Furthermore, the SSA and EA agreements allow employees to convert any personal leave accumulated and not used into sick leave. Providing employees with more personal days than the peers or State requirements may reduce productivity, increase substitute and overtime costs, and increase severance payouts.

- **RBEA Retirement Incentive:** The RBEA agreement provides certificated staff with \$400 per year of service and non-certificated staff \$200 per year of service upon retirement. The peer and other CCMRDD agreements do not offer a retirement incentive. However, the certificated contract provides CCMRDD with sole discretion to determine if implementation of the retirement incentive is economically feasible. Further, the Board's decision is "final and binding and may not be challenged through any grievance procedure, administrative process or judicial process." While CCMRDD has discretion in providing the retirement incentive, detailing the payment amount in the contract, unlike the peers, can create an additional demand for limited resources, and tension between staff and the Board if CCMRDD does not consistently provide the retirement incentive.

Financial Implication: The financial impact of altering the aforementioned provisions is not readily quantifiable and will depend on a variety of factors. For example, reducing the maximum severance payout will depend on the number and timing of employee retirements, as well as the amount of their accumulated sick leave upon retirement.

Financial Implications Summary

The following table presents a summary of annual cost savings identified in this section of the report.

Table 3-4: Recommendations Subject to Negotiation

Recommendation	Annual Cost Savings
R3.1 Increase employee health insurance contributions to 13 percent	\$103,000
Total	\$103,000

Source: AOS Recommendations

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**CLIENT SERVICES AND
CASE MANAGEMENT**

Client Services and Case Management

Background

This section of the performance audit reviews client services and case management operations at the Columbiana County Board of Mental Retardation and Development Disabilities (CCMRDD). The objective is to assess CCMRDD operations against selected peers¹, and leading or recommended practices and industry benchmarks. Sources of leading or recommended practices and industry standards include the Government Finance Officers Association (GFOA), Ohio Administrative Code (OAC) and Federal Benchmarking Consortium.

Organization, Staffing and Eligibility Process

CCMRDD's Service and Support Administration focuses on supporting, empowering and coordinating services for individuals with MRDD. The mission of the Service and Support Administration is to:

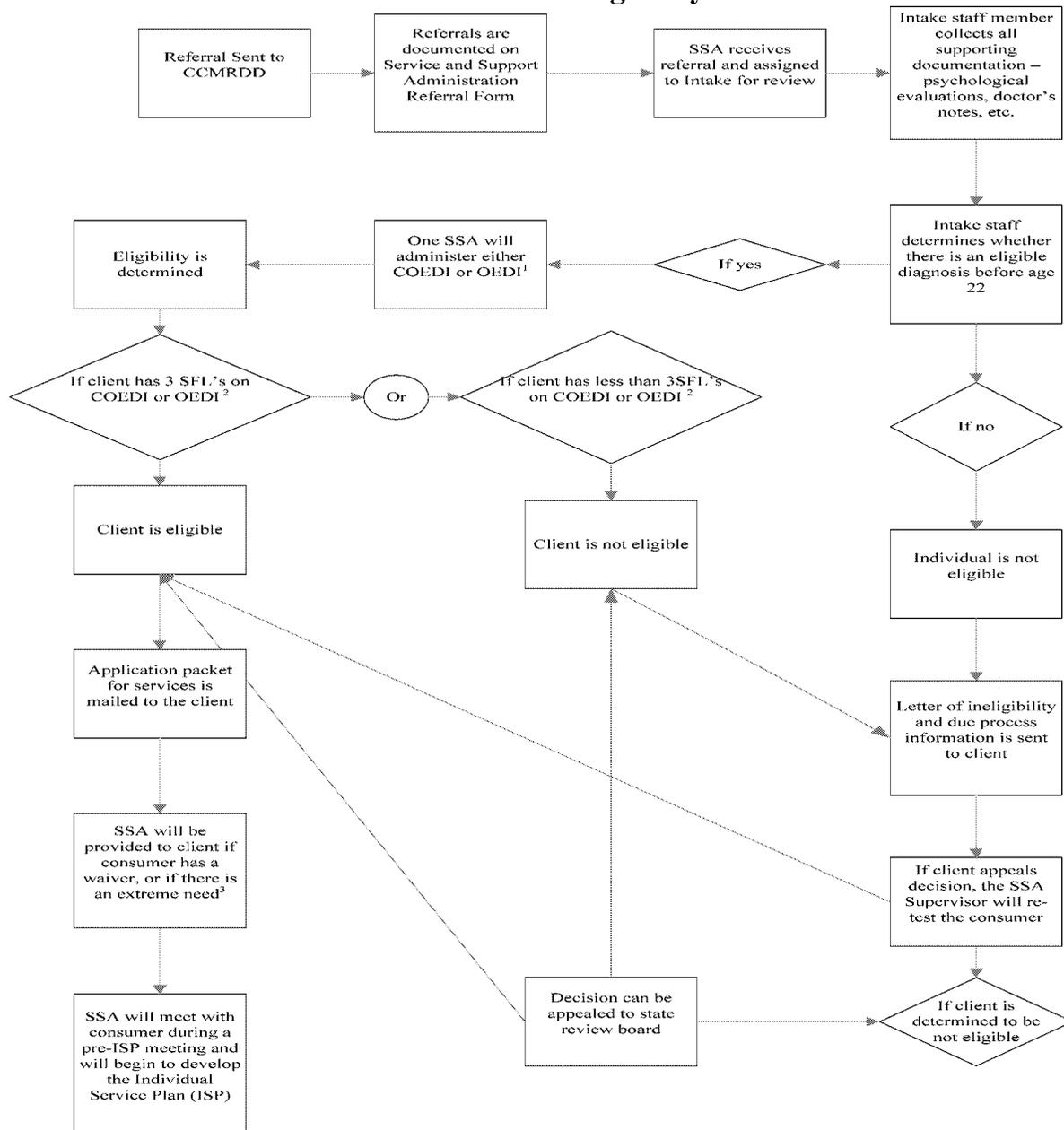
- Support individuals in determining and pursuing life goals and/or services;
- Work with families, guardians, and natural supports to access, provide and/or enlist whatever assistance or support is needed in any life area, including protective intervention; and
- Maintain the individual as the focus while coordinating services across multiple systems.

The Service and Support Administration is overseen by 1.0 FTE Supervisor, who has been in the position since December 2007. The Supervisor is responsible for maintaining a service and support system that conforms to the rules and regulations of the Ohio MRDD; supervising assigned service and support administrators (SSAs); and encouraging, promoting, and assisting in the development of appropriate residential services for consumers. The Supervisor oversees 9.0 FTE SSAs, who are responsible for assessing the individual needs for services, coordinating MRDD services, and implementing an ongoing system of monitoring. SSAs assist consumers in the following areas: providing general information; referring consumers to providers; coordinating services and residential placement; monitoring services; assisting on resource developments; and providing supportive/social services

Chart 4-1 illustrates CCMRDD's processes for determining whether consumers are eligible to receive MRDD services.

¹ See the **executive summary** for a list of the peer MRDDs and an explanation of selection methodology.

Chart 4-1: CCMRDD Eligibility Process



Source: CCMRDD SSA Interviews, CCMRDD SSA Procedure Manual, and ODMRDD.

¹The Children’s Ohio Eligibility Determination Instrument (COEDI) and the Ohio Eligibility Determination Instrument (OEDI) tests are used to determine MRDD consumer eligibility. COEDI tests are for consumers ages 6-15 and OEDI tests are for consumers 16 years of age and older.

²ORC § 5123:2-1-02(1)(a)(iii) indicates that a Substantial Function Limitation (SFL) must be identified in at least three major life areas for a consumer to be able to receive MRDD services.

³Extreme needs are decided on a case-by-case basis either by the Superintendent or the SSA supervisor

See **R4.3** for more information on the eligibility and intake process.

Services

CCMRDD offers children's services, which are available from birth through age 21, and adult services, which are for consumers age 22 and above. In addition, specialized services, such as family support and residential services, are available for qualified recipients.

Table 4-1 compares children service offerings at MMRDD to the peers.

Table 4-1: Children's Services Offered

Age Group	Services Offered	CCMRDD	Coshocton MRDD	Seneca MRDD	Wayne MRDD
0-3 Years	Early Intervention – Home Based	Yes	Yes	Yes	Yes
0-3 Years	Early Intervention – Center Based	Yes	Yes	Yes	Yes
4-5 Years	Preschool	Yes	Yes	No	Yes
6-22 Years	School	Yes	Yes	Yes	Yes
6-22 Years	Speech and Language Therapist	Yes	Yes	Yes	Yes
6-22 Years	Summer Recreation	Yes	Yes	Yes	Yes
0-22 Years	Professional Nursing	Yes	Yes	Yes	Yes

Source: CCMRDD interview and Request for Information from peers.

As shown in **Table 4-1**, CCMRDD and the peers offer all seven children services, with the exception of Seneca MRDD not offering preschool services.

Table 4-2 compares the adult service offerings at CCMRDD to the peers.

Table 4-2: Adult Services Offered

Services Offered	CCMRDD	Coshocton MRDD	Seneca MRDD	Wayne MRDD
Occupational Skills	Yes	Yes	Yes	Yes
Functional Life Skills	Yes	Yes	Yes	Yes
Habilitation	Yes	Yes	Yes	Yes
Organizational Employment Services/Work Experience	Yes	Yes	Yes	Yes
Facility Based Transitional Work Experience	Yes	Yes	Yes	Yes
Community Supported Employment/Work Stations	Yes	Yes	Yes	Yes
Extended Day Treatment	No	No	No	No
Retirement (Adult over 55)	Yes	No	Yes	Yes
Physical Therapy	Yes	Yes	Yes	Yes
Counseling / Psychology	No	No	Yes	Yes
Psychiatric	Yes	No	No	Yes
Job Coaching	No ¹	Yes	Yes	Yes
Job Development/Enrollment	No ¹	Yes	Yes	Yes
Job Placement	No ¹	Yes	Yes	Yes
Follow Along	Yes	Yes	Yes	Yes
Interpreter Services (Bi-lingual Services)	No	Yes	Yes	No
Payeeship Services (Assistance with Paying Bills)	Yes ²	No	No	No
Professional Nursing	Yes	Yes	Yes	Yes
Social Programs	Yes	Yes	Yes	Yes

Source: CCMRDD interview and Request for Information from the peers.

¹ These services are provided by the Ohio Rehabilitation Services Commission.

² This is a limited service that CCMRDD provides to a few consumers.

As shown in **Table 4-2**, CCMRDD offers all but two services for adults. By comparison Coshocton MRDD does not offer five adult services, while both Seneca and Wayne MRDD's do not offer three services.

Table 4-1 compares family service offerings at MMRDD to the peers.

Table 4-3: Family Services Offered

Age Group	Services Offered	CCMRDD	Coshocton MRDD	Seneca MRDD	Wayne MRDD
Child	Foster Care	No	No	No	N/A ¹
Adult	Cost to Live	Yes ²	No	Yes	Yes
Adult	Semi-Independent Living	Yes	Yes	Yes	Yes
Child/Adult	Recreational Respite	Yes	No	Yes	Yes
Child/Adult	Temporary Emergency Residential Services	Yes	Yes ³	Yes	Yes

Source: CCMRDD interview and Request for Information from the peers.

¹ It is unclear whether Wayne MRDD provides this service.

² CCMRDD offers Supported Living Services for a few consumers.

³ Only in an emergency cases.

As shown in **Table 4-3**, CCMRDD provides the same number of family services as Seneca and Wayne MRDDs, and more than Coshocton MRDD.

Audit Objectives for Client Services and Case Management

The following is a list of the questions used to evaluate CCMRDD's client services and case management operations:

- How does CCMRDD's strategic planning process compare to relevant benchmarks?
- How effective is CCMRDD's overall program?
- How do CCMRDD's case management policies and procedures compare to relevant benchmarks, including the service eligibility determination process?
- How effectively does CCMRDD use technology to manage caseloads and client services, and is the current technology system adequate to meet CCMRDD's needs?

Assessments Not Yielding Recommendations

In addition to the analyses presented in this section, the following assessments did not warrant any changes and did not yield a recommendation:

- **Technology:** CCMRDD purchased the Q Continuum System to standardize its assessment process, which is the same system used by Wayne MRDD. This computer system allows users to electronically generate reports, retrieve individual records, and enter new individual information. In addition, the system has the following components: intake, assessments and additional features such as querying reports. Currently, SSAs are only entering case notes and are not yet using the system to complete any assessments or Individual Service Plans (ISP's). However, CCMRDD expects to use all of the "Q" System Components by early 2009.
- **Eligibility Assessments:** In order to ensure consistency, CCMRDD currently has one SSA to conduct all of the Children's Ohio Eligibility Determination Instrument (COEDI) and the Ohio Eligibility Determination Instrument (OEDI) assessments. Two peers also use one employee to conduct these tests. The COEDI is administered to children between the ages of 6 and 16, while the OEDI is given to individuals over the age of 16. The COEDI or the OEDI is used to determine whether an individual is eligible for MRDD services. Due to administering all assessments, the designated SSA assessment tester has a reduced case load when compared to other SSA staff. The SSA Supervisor administers the tests when this SSA is absent. Additionally, CCMRDD's current policy allows other CCMRDD SSAs to conduct assessment tests upon the determination of the SSA Supervisor. The SSA Supervisor stated that nine of CCMRDD's SSA staff is eligible to conduct assessment tests.

Recommendations

Strategic Planning & Program Effectiveness

R4.1 The Superintendent should ensure that staff are actively involved in the strategic planning process by working with the Board to create a formal process to obtain staff participation. For example, CCMRDD could create a formal team comprised of managers and staff that would help create, monitor and update its Annual Plan (AP). Also, the Superintendent should work with the Board to develop opportunities for soliciting staff feedback on the AP, such as during in-service trainings. Taking these measures would better ensure that CCMRDD obtains the necessary information to develop relevant goals and accomplish them, and subsequently improve operations.

In addition, the Superintendent should work with supervisors and the Board to develop a performance measurement system that is tied to the AP and budget, and is used to help develop measurable goals and objectives for the AP. Performance measures should cover inputs, outputs, outcomes and efficiencies. Once developed, CCMRDD should publicly report its performance measures in relation to historical performance and other relevant benchmarks, as well as the results of any surveys, on its webpage or other mechanism to inform its stakeholders. To aid in this effort, CCMRDD should compile individual survey responses in a spreadsheet to identify and report overall survey results, and/or consider conducting a web-based survey that would automatically tabulate the overall results. Using performance measures would aide CCMRDD in evaluating and communicating the results of its programs and services, and subsequently identifying strategies for improvement.

CCMRDD has developed an Annual Plan (AP) that serves as its strategic plan. The AP includes a mission statement, plan objectives, action steps, timelines for initiation and completion, staff member responsibilities, and explanations for future financial forecasts (see **financial systems** for further information about financial forecasts). The AP is linked to the budget and goals, and objectives contained in the AP can be carried over from year-to-year. CCMRDD's AP also reflects objectives created by the Superintendent and management. However, the plan was created with very little input from staff.

After completing the AP, the Superintendent develops a public notice that permits staff and the community to view the newly created plan. According to the Superintendent, management is expected to solicit input from staff prior to the development of the AP. However, the Superintendent is not certain whether managers are obtaining feedback from staff. Furthermore, the Superintendent indicated that upon completion of the AP, union representatives are provided with the new plan and instructed to discuss any

changes with staff. However, a CCMRDD union representative indicated that a copy of the new AP, or AP updates, have never been disseminated to union leadership. In addition, a staff member indicated that the AP has never been discussed with staff, nor have staff members been briefed during any in-service training about updates to the AP.

Serving The American Public: Best Practices In Customer-Driven Strategic Planning (Federal Benchmarking Consortium Study Report, 1997) provides the following guidance on involving staff in the strategic planning process:

- The process should be consistent and cohesively structured across all levels of the organization;
- The organization should have a common understanding of how the process works, what is expected at each level, and how organizational elements fit together;
- The leadership should ensure that comprehensive internal communication is present, which is a key to successful strategic planning and is seen as a linkage between planning and practice;
- The entire workforce has to fully understand its role in achieving success and what is expected throughout the process;
- The leadership's strategy must be clearly understood at all levels of the organization; and
- The organization should clearly identify what it would take to determine success and makes sure that all managers and employees understand what they are responsible for in achieving the organizational goals.

While the Business Manager monitors dollars spent on the AP, and the Superintendent gathers information about goal achievement and compiles the data in a spreadsheet, CCMRDD does not use formal performance measures or benchmarks to gauge and communicate progress in achieving the goals and objectives. This contributes to several of the goals and objectives appearing general in nature and lacking measurable outcomes. For example, one of the objectives is to "maintain all current programming at the Adult Senior Center," while another objective is to "create energy savings." Without specific and measurable objectives, it is difficult to determine whether CCMRDD has satisfied the AP objectives. Likewise, CCMRDD does not use formal performance measures to gauge the efficiency and effectiveness of its programs and operations, with the exception of having external individuals such as parents, guardians, and community members complete a "Community Survey and Needs Assessment Form." This form provides guidance to CCMRDD about its programs and services offered to consumers by gauging satisfaction rates and other perceptions of its programs. CCMRDD uses this form to identify service areas that could be strengthened or reviewed in the future. However, the information gained from this survey is not readily available for public viewing on the Internet, nor disseminated to members of the community. According to the Superintendent, CCMRDD usually presents the survey results to the Board and evaluates

the comments in the surveys. However, it is unclear whether the survey results are compiled in a format that presents the overall results. Consequently, the Board can not easily gauge overall satisfaction rates with CCMRDD's services and programs.

According to *Serving The American Public: Best Practices In Customer-Driven Strategic Planning* (Federal Benchmarking Consortium Study Report, 1997), performance measurement should be employed at all levels of the organization, with clearly assigned and well-understood accountability for results. Furthermore, specific measures should be tied to customer satisfaction, service, and other organizational process. Likewise, *Recommended Budget Practice on the Establishment of Strategic Plans* [Government Finance Officers Association (GFOA), 2005] indicates that objectives contained within strategic plans should be specific, measurable results to be achieved. Objectives should be expressed as quantities, or at least as verifiable statements, and ideally would include timeframes. Furthermore, performance measures should be used as they provide an important link between the goals, strategies, actions and objectives stated in the strategic plan, and the programs and activities funded in the budget. Performance measures provide information on whether goals and objectives are being met. According to the GFOA in another publication entitled *Implementing Performance Measurement in Government: Illustrations and Resources* (GFOA, 1997), performance measures can be divided into the following four basic types:

- **Input measures:** Input indicators measure the volume of resources, both monetary and non-monetary, that are used in delivering a program or service.
- **Output measures:** Output indicators report the quantity or volume of products and services provided by the program.
- **Effectiveness/Outcome measures:** Effectiveness indicators measure the results, accomplishments, or quality of the item or service provided.
- **Efficiency measures:** Efficiency indicators quantify the relationship between input and output, and can be expressed as productivity ratios or as unit cost ratios.

While CCMRDD generally does not use performance measures, performance measures are used by other MRDD agencies. For example, Wood County MRDD uses a report entitled "*Outcome Measurement Report*" as a way to measure performance of various objectives and is able to compile relevant statistical information to show progress of its programs. The objectives are divided into the following areas: School and Early Intervention, Employment Services, Habilitation Services, Supported Employment, Competitive Employment, Job Coaching, Placement, Vocational Evaluation, Composite (All Activity), Service and Support Administration, Transportation, Human Resources, and Health and Safety. Examples of performance measures include the following:

- Percentage of individuals who have an ISP developed within 30 days of request of SSA services;

- Percentage of parent/guardians who report job satisfaction on an annual basis in conjunction with the consumer's ISP; and
- Percentage of persons who report satisfaction in the annual survey response.

Likewise, the Summit County MRDD reports a variety of performance measures in its "2007 Outcomes Management and Annual Report" publication, including employment retention rates, the average time to obtain workstation employment, and percentage of individuals earning at least 75 percent of minimum wage.

Lastly, conducting web-based stakeholder surveys could provide CCMRDD with automatic survey results. For example, SurveyMonkey.com automatically collects and reports survey responses.

Financial Implication: Joining SurveyMonkey.com would cost \$200 per year for the "Annual Pro" system.

Staffing

R4.2 CCMRDD should reevaluate the proposed staffing increase of 2.0 SSAs. Initially, CCMRDD should consider hiring only one additional SSA. CCMRDD should continually review staffing levels based on active caseloads, waivers, and other performance measures that should be established to help determine program effectiveness (see R4.1). This would help ensure that CCMRDD maintains staffing levels that coincide with providing quality and effective programs. For instance, CCMRDD may be able to effectively serve consumers without hiring any additional SSAs.

Table 4-4 presents staffing and workload information for Columbiana County MRDD and the peers.

Table 4-4: MRDD Staffing and Workload Measures

	CCMRDD	Coshocton MRDD	Seneca MRDD	Wayne MRDD	Peer Average
Total SSA Supervisors	1.0	1.0	1.0	1.0	1.0
Total SSAs	9.0 ¹	6.0	8.0	10.0	8.0
Total SSA Clerical Support	1.4	1.0	1.0 ²	0.0	1.0
Total Case Management Staff	11.4	8.0	10.0	11.0	9.7
Workload Ratios					
Total Active Cases	276.0 ³	155 ⁴	202.0 ⁵	430.0 ⁶	262.3
Active Cases Per SSA	30.6	25.8	25.3	43.0	31.3
Active Cases Per Total Staff	24.2	19.4	20.2	39.1	26.2
Total 2006-2007 Level 1 and I/O Waivers⁷	117.0	52.0	55.0	172.0	93.0
Waivers Per SSA	13.0	8.7	6.9	17.2	10.9

Source: Columbiana County MRDD and peer MRDD Boards

¹ Staffing number does not include a SSA who was hired on July 14, 2008.

² This individual is classified as Intake Coordinator. Although the job duties involve non-clerical responsibilities (e.g., conducting assessment tests), there is still a clerical component of the job (e.g., gathering consumer documentation).

³ This number is from February, 2008.

⁴ This number is from March, 2008 and excludes the 67 consumers involved in Major Unusual Incidents (MUI's) or Unusual Incidents (UI's) which Coshocton MRDD SSA's provide oversight. In contrast, CCMRDD, Seneca MRDD and Wayne MRDD employ 1.0 FTE for MUIs. Including 1.0 MUI FTE for these three MRDDs results in the same conclusion when comparing active cases per SSA.

⁵ This number is from May, 2008.

⁶ This number is from July, 2008

⁷ The Level 1 Waiver numbers are from July 1, 2006 to June 30, 2007 and the IO Waiver numbers are from March 1, 2007 through June 29, 2007.

Table 4-4 indicates that while CCMRDD maintains fewer active cases per SSA and per total staff when compared to the peer average, it maintains more active cases per SSA and per total staff than Coshocton and Seneca. However, in July 2008, CCMRDD hired an additional SSA. When including the newly hired SSA, CCMRDD's staffing ratios decline to 27.6 cases per SSA and 22.3 cases per total staff. However, these ratios are still higher than both Coshocton and Seneca.

Table 4-4 also illustrates that CCMRDD processed 25.8 percent more waivers when compared to the peer average, which contributes to CCMRDD processing more waivers per SSA than the peer average. ODMRDD administers both the Level 1 and IO Waivers. The Eligibility Unit, in the Division of Medicaid Administration and Development, processes all waiver applications and determines level of care for consumers. County MRDD staff complete informational packets for all consumers applying to be enrolled on a waiver. The Eligibility Unit reviews the information submitted and makes a

determination to grant waiver services. All waivers administered by ODMRDD require an annual review process to allow consumers to participate in the program. Additionally, consumers must meet Medicaid eligibility requirements every month and have a level of care renewed annually. As of August 2008, CCMRDD received an additional 90 waiver slots, increasing the Board's total waivers to 207. CCMRDD's Superintendent stated that the increase in waiver consumers is due to a philosophical change. Specifically, the Superintendent wants to convert eligible consumers to the waiver system because CCMRDD only incurs 40 percent of the costs for providing services, while Medicaid pays 60 percent of the remaining expenses. According to the Superintendent, this strategy will reduce the Board's dependence on local levy dollars and allow CCMRDD additional financial flexibility to respond to future programmatic changes or new legislation.

As a result of gaining additional waiver slots, CCMRDD is considering hiring two additional SSAs. By hiring two additional SSA, along with the one SSA who began employment on July 14, 2008, CCMRDD will have a total of 12 SSAs. During the course of this performance audit, CCMRDD provided updated caseload information that includes the additional waivers. Based on the updated caseload information and a total of 12 SSAs, CCMRDD would maintain 23.5 active cases per SSA and 19.6 active cases per total staff. These ratios are lower than CCMRDD's ratios in **Table 4-4** (30.6 and 24.2) and lower than each peer, with the exception of active cases per total staff at Coshocton. However, if CCMRDD hired one of the two proposed SSAs, the active cases per SSA would be 25.6 and the active cases per total case management staff would be 21.0, which are similar to Coshocton and Seneca. On a per waiver basis, the hiring of two additional SSAs results in 17.3 waivers per SSA. Although this would be 59 percent higher than the peer average of 10.9 waivers per SSA, it would be comparable to Wayne MRDD (17.2). If only 1.0 of the two proposed SSAs is hired, the ratio of waivers per SSA would be 18.8. This would be 72 percent higher than the peer average, but only 1.6 more waivers per SSA than Wayne MRDD.

R4.3 CCMRDD should consider reallocating intake responsibilities from SSAs to the clerical staff, and provide the necessary training. Additionally, CCMRDD should consider having consumers provide all of the necessary paperwork and documentation, prior to assessing eligibility for services. To aid in this process, CCMRDD should provide the intake checklist on its website, and ensure consumers understand how and where to obtain the required information. Taken collectively, these measures would help CCMRDD SSAs devote more time to serving current eligible consumers.

Two SSAs at CCMRDD have reduced case load levels as a result of performing additional responsibilities. More specifically, one SSA staff member currently completes all consumer assessments, while maintaining 19 active cases. Another SSA is responsible for managing the intake process, handling family resource duties (for example, home

modifications for clients), and maintaining the CCMRDD waiting list, while handling 18 active cases. Conversely, two of the peers do not have SSAs involved in family resource duties, while each peer does not have SSA staff complete intake functions. Specifically, Coshocton MRDD has the business manager handle family resource duties, while Wayne MRDD assigns this task to its behavior specialist. Furthermore, Wayne and Coshocton assign intake functions to the SSA supervisor and secretary, respectively; while Seneca employs an Intake Coordinator.

As shown in **Table 4-4**, CCMRDD has two clerical staff, classified as typists, in the SSA office, which represent 1.4 clerical FTEs. This is more than each peer. Once in full use, the Q Continuum System (see *Assessments Not Yielding Recommendations*) would help streamline clerical duties like file maintenance activities, as some of these functions should be able to be completed electronically. Coupled with the higher clerical staffing levels when compared to the peers, the SSA clerical staff could handle the intake duties. This, in turn, would enable CCMRDD SSAs to devote additional time to their consumer caseloads. Furthermore, during the course of this performance audit, CCMRDD transferred family resources duties from SSAs to the school.

Lastly, Coshocton MRDD requires consumers and their families or guardians to provide all required paperwork; SSA staff will not assist in securing any listed documentation. According to the Coshocton MRDD SSA Supervisor, this is because, at this point, the consumer has not been determined to be eligible for services. If an individual is later determined to be ineligible for services, Coshocton MRDD cannot recoup any costs or time associated with gathering ineligible consumer information. Also, Coshocton MRDD SSAs will not conduct any consumer meetings until all the necessary documentation has been provided. Currently, the CCMRDD SSA is involved in the intake process and frequently contacts various entities to acquire any necessary documentation, despite providing potential consumers and families or guardians with an intake checklist form that lists the documentation that consumers must supply before eligibility can be determined. CCMRDD does not maintain this checklist on its website. If consumers provided the necessary documentation and paperwork, CMRDD could devote more time to serving eligible consumers.

- R4.4 The SSA Supervisor should review the SSA manual to identify polices and procedures that should be updated, and present proposed changes to the Superintendent and the Board for approval. The SSA Supervisor should complete this review at least annually to account for any changes in laws or CCMRDD's operations. In addition, the SSA Supervisor and Superintendent should conduct a training session with the SSAs to review the documentation requirements related to consumer cases. Furthermore, the SSA Supervisor should design a quality review checklist and train SSAs on the quality review process. The checklist should be used by SSA staff to review a certain number of other SSA cases every year. When SSAs**

complete the reviews, they should forward the results to the SSA Supervisor for final approval and subsequent discussion with each SSA. This process will better ensure compliance with Board policies and the provision of appropriate services for clients, and allow SSA staff to understand how their co-workers approach and respond to job requirements. In order to ensure that adequate reviews are taking place, the SSA Supervisor should perform sample reviews of the staff's reviews. As CCMRDD first implements this review process, it should consider having the Supervisor and SSAs review all cases. Once CCMRDD has a greater level of assurance with the case file documentation, the Board should update its policy to include a minimum number of cases to be reviewed each year by the SSAs.

Lastly, CCMRDD should assess the feasibility of scanning current documents into the "Q" computer system to centralize important documents. However, prior to making a decision about electronic maintenance of files, CCMRDD should determine the cost of purchasing and maintaining any scanning equipment against the benefits of maintaining electronic documentation (e.g., eliminate the need to maintain files at multiple locations).

During the performance audit, AOS conducted a review of 40 active consumer files. The files were randomly selected and reviewed for adherence to Board policies and certain state laws. Currently, CCMRDD prints client notes and includes this information in the file every quarter. CCMRDD is hoping to use the entire functionality of the new "Q" system by early 2009. This could possibly eliminate the need to keep paper copies of the file, although the Superintendent indicated the consumer's files would not be scanned. Wayne County MRDD electronically scans paper documents into their "Q Continuum System."

The case file review revealed several inconsistencies in the maintenance of documentation, and often, the files were cumbersome to review. The information that AOS reviewed included contact schedule, targeted case management notes, ISPs or individual education programs (IEPs), and evidence of supervisory reviews. The following information highlights key findings of the sample review:

- **Location of Files** - A portion of the files were located in CCMRDD's SSA office and other portions of the files were maintained at one of the two workshops or the school. According to the SSA supervisor, CCMRDD maintains different portions of the client files at different locations for accessibility purposes.
- **Requests for Service** - 72.5 percent of the files did not have documentation of a dated referral. According to CCMRDD's SSA procedures manual, Section F, the referral process will commence after "*The SSA makes contact with the referral source to advise them that contact has been made within 24 hours of receiving the*

referral. In addition, Section G of the referral policy states, “*All contacts made by the SSA are documented in Targeted Case Management notes, regardless of eligibility and Medicaid Status.*” Furthermore, Section B states that “*The assigned SSA will contact the individual (or the legal guardian/family member if applicable) by telephone within 72 hours of receiving the referral.*” During the file review, AOS did not consistently find documented referral contacts in the Targeted Case Management notes. Without a dated referral present, it could not be determined whether the designated SSA contacted the referral source within 24 hours and whether intake eligibility contact was made within 72 hours of the receipt of the referral.

Furthermore, an application for service was found in only 37.5 percent of files reviewed during the audit, which makes it difficult to determine CCMRDD’s compliance with OAC. Specifically, in addition to recording the date of service requests, OAC 5123:2-1-11(R) requires boards of MRDD to document general information about consumers, such as identifying data; information identifying guardianship, trusteeship, or protectorship; emergency information; and the name of the person designated to represent the consumer. However, 82.5 percent of files contained an individual information form (IIF). While the IIF includes general information about the consumer (name, date of birth, address, etc.) and guardianship status, it does not contain a specific field for emergency information, trusteeship or protectorship, and the name of the person designated to represent the consumer. However, the IIF contains an open field that allows for additional notes about a consumer. According to Board policy, “The SSA completes the Individual Information Form (IIF) and forwards it to the Clerical Specialist assigned to IIF data entry.”

- **Supervisory Review** - CCMRDD’s SSA Supervisor stated that weekly staff meetings are held to discuss relevant consumer issues and that quarterly case reviews are conducted. However, 97.4 percent of sampled files did not have documentation of a supervisory review or any supervisory sign-off. One file had evidence that the supervisor reviewed the referral form. Also, AOS was not able to identify any supervisory changes or corrections to the documentation. According to CCMRDD’s documentation policy, “*The SSA Supervisor may at any time review any and all documentation (notes, letters, etc.) and identify corrections needed. Any corrections identified by the SSA Supervisor must be addressed immediately by staff and submitted to the SSA Supervisor within two business days. The SSA Supervisor and/or Superintendent will have the final decision in assessing the appropriateness of documentation and directing changes to any and all documentation.*” Based on the lack of documentation of supervisor reviews, CCMRDD may not be adequately reviewing services provided by the

SSAs. This, in turn, increases the risk of inconsistent and/or ineffective delivery of services, and noncompliance with Board policies.

While each of the peers indicated that they have a similar process for reviewing cases in place and do not use a checklist or other formal method of documenting supervisory reviews, a more formal method for documenting reviews will promote accountability. For example, the Ohio Rehabilitation Service Commission (RSC), which is a state agency serving Ohioans with disabilities, has a policy that provides guidelines for RSC's quality and compliance review system at each level. Specifically, supervisors must review a minimum of 10 cases for each counselor each year, have a face to face discussion with the counselor regarding each case reviewed and complete a "Corrective Action" section of the Compliance Review Form in order to allow the counselor to understand what actions need to be taken to bring the respective cases into compliance or to improve quality. A Compliance Review Checklist is used by the reviewer to ensure that file contains applicable documents, and that state and federal requirements have been met.

- **Interaction with Consumers and Consumer Logs** - 50.0 percent of sampled files did not show evidence of meeting CCMRDD's policy for monitoring consumers in 2007. Specifically, CCMRDD's policy, Section D states the minimum contact requirements as such: *"Each individual will be contacted on a quarterly basis by the SSA. The SSA will conduct four, face-to-face contacts each year; once each quarter."* For example, one consumer had no documentation that indicated any consumer and SSA meetings occurred in 2007. Other sampled files lacked documentation of face-to-face consumer contact for one or more quarters. The minimum of four, face-to-face contacts is similar to the peers. Moreover, CCMRDD's policy states that *"The SSA will conduct two phone contacts or two additional face-to-face contacts each year."* However, the SSA Supervisor indicated that the contact policy is four face-to-face meetings per year and, therefore, CCMRDD's policy needs to be updated.

In addition, the Contact Schedule for Individuals Assigned to Service and Support Administration, Section E6, states the following: *"SSA's are to use the contact log to track their home and phone contacts. The contact log is submitted to the SSA Supervisor. The contact log will be returned to the SSA Supervisor by the first Friday of the following month."* Although CCMRDD has a contact log policy, there was no evidence of any contact logs in the file. AOS relied on the targeted case management (TCM) notes to determine whether SSAs observed quarterly contacts with each consumer. According to two SSAs, the TCM functions as the contact log. Another SSA indicated that a written contact log is optional for SSA's to complete as long as the information is documented in TCM.

Consequently, it appears that CCMRDD needs to update its policy for contact logs. Finally, 97.4 percent of the sampled files contained documentation of case notes, as required by OAC 5123:2-1-11(R). This OAC section also requires the name of the SSA who is the single point of accountability for the consumer. Ninety-seven percent of the sampled files documented the SSA assignment in the case notes.

- **ISP Meeting Minutes** - 35.9 percent of sampled files did not have documentation of ISP meeting minutes contained in the files. CCMRDD's policy on Developing and Writing Individual Service Plans, Section C, states that *"Each domain of the ISP is divided into two sections: meeting minutes and skills development or supports."* Section D offers further information about meeting minutes which are *"Used to document both general and detailed information relative to individual's wants, needs, and desires."* Without having ISP meeting minutes readily available, it is difficult to determine the status and resolution of any issues which may have arisen during the discussion.
- **Testing and Assessments** - 97.5 percent of the sampled files did not have the actual OEDI or COEDI test present. Although one file had the assessment test present, the remaining SSA files did not indicate when the OEDI or COEDI was administered, the results of the test, or documentation of the actual test. The Intake Procedure, Section H, has the following statement: *"The SSA completes the assessment tool, scores the C/OEDI, and completes the federal form. These completed documents, including the entire C/OEDI and all collateral documentation, are forwarded to the SSA Supervisor assigned to Intake. All of this information (C/OEDI, worksheet, federal form, and collateral information) becomes the "Eligibility File" for the individual."* In addition, when AOS staff visited both the workshops, no actual OEDI and COEDI tests were present in the files. The federal form was present in the five files that AOS staff reviewed at EDI Central and EDI South. Furthermore, OAC 5123:2-1-11(R) requires boards of MRDD to maintain evidence of eligibility for services.

In contrast to the OEDI and COEDI results, 15.0 percent of sampled files did not contain documentation of assessments while 10.0 percent did not contain a current ISP. According to OAC 5123:2-1-11(R), boards of MRDD are required to document assessment information relevant to the request for services and planning process for supports and services, and to maintain a current ISP. Additionally, based on a review of the ISPs, budget documentation was found only in 15.4 percent of the sampled files. OAC 5123:2-1-11(R) requires records showing the current budget for support and services.

Financial Implications Summary

The following table lists annual costs for recommendations contained in this section of the report.

Summary of Financial Implications

Recommendation	Estimated Annual Costs
R4.1 Join a web-based survey system.	\$200
Total	\$200

Source: AOS Recommendations

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Client Response

The letter that follows is the Columbiana County Board of Mental Retardation and Developmental Disabilities' (CCMRDD) official response to the performance audit. Throughout the audit process, staff met with CCMRDD officials to ensure substantial agreement on factual information presented in the report. When CCMRDD disagreed with information contained in the report and provided appropriate supporting documentation, revisions were made to the audit report.

**COLUMBIANA COUNTY BOARD of MENTAL RETARDATION
and DEVELOPMENTAL DISABILITIES**

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November 18, 2008

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Ms. Mary Taylor, Auditor of State
Performance Audit Division
Lausche Building, 12th Floor
615 W. Superior Ave.
Cleveland, Ohio 44113

Dear Auditor Taylor:

I am writing at this time on behalf of the Columbiana County Board of MRDD to address the performance audit that was conducted by your office. First of all, the performance audit team provided a thorough and effective review of our operations. All board members were pleased with the results, recommendations and professionalism of your assigned team. Special thanks to Senior Audit Manager Fred Bartz, Jr. and his team for all the communications and sharing of their talents for the betterment of our ongoing operations.

Many of the recommendations have already been implemented because the needs became evident during the course of the audit. Many of the recommendations are currently being studied. Other recommendations require discussions and negotiations with our three bargaining units because they cannot be implemented unilaterally.

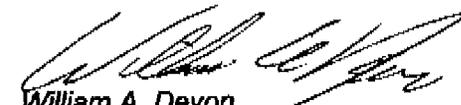
Since the conclusion of the audit, we received a 10% savings in our dental plan, and we are also exploring to change our Health Insurance provider that will save us an additional \$85,000.00 per year. Although on the negative side we were just cut \$240,000.00 from the State Department of MRDD.

The peer analysis will be useful in future negotiations. The comparisons have been useful for the Board and myself to make decisions about future needs and goals.

Once again, I would like to thank Mr. Bartz and his team for their assistance and diligence in managing this project. We will make use of the information received. The MRDD management team and Board will now make use of the data internally to the recommendations contained in the final draft.

A special thanks to the entire audit team.

Sincerely,


William A. Devon
Superintendent

WAD/jt